ASYAD GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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Sultanate of Oman

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 RO	2022 RO
ASSETS			
Non-current assets			
Property, vessels and equipment	8	**856,253,370**	845,306,288
Investment property	9	**25,560,073**	26,543,127
Intangible assets and goodwill	10	**14,877,617**	19,197,781
Investments accounted for using the equity method	11	**123,065,608**	114,001,504
Receivables under finance lease arrangements	13(a)	**123,427,086**	131,218,334
Loans receivable	13(b)	**7,632,419**	7,775,558
Financial assets at fair value through other comprehensive income	14	**101**	3,008
Derivative financial instruments	22	**1,389,575**	6,377,830
Other assets	16	**13,040,687**	12,839,607
Bank deposits	13(f)	**92,417,791**	42,200,000
Deferred tax assets	34	**6,993,748**	4,683,224
		1,264,658,075	1,210,146,261
Current assets			
Inventories	15	**19,137,287**	21,973,406
Other assets	16	**21,851,433**	25,131,538
Receivables under finance lease arrangements	13(a)	**7,626,321**	6,841,760
Trade receivables	13(c)	**34,326,637**	38,148,372
Derivative financial instruments		**3,095,782**	5,821,035
Other financial assets at amortised cost	13(d)	**32,814,217**	48,694,685
Cash and cash equivalents	13(f)	**89,271,181**	68,580,061
Margin and other deposits	13(f)	**86,793,602**	89,375,631
		294,916,460	304,566,488
Total assets		**1,559,574,535**	1,514,712,749

The notes and other explanatory information on pages 12 to 81 form an integral part of these consolidated financial statements.

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ASYAD GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	Note	2023 RO	2022 RO
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	17	**337,463,178**	337,463,178
Share capital pending registration	17	**114,600,706**	114,600,706
Legal reserve	18	**16,809,924**	12,168,530
Cumulative changes in fair values of derivatives		**19,415,356**	27,064,853
Retained earnings		**178,334,864**	139,431,263
Equity attributable to the owners of the Parent Company		**666,624,028**	630,728,530
Non-controlling interests	7	**12,664,714**	13,281,952
Total equity		**679,288,742**	644,010,482
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	19	**566,136,572**	634,144,532
Provisions	24	**2,283,932**	3,196,396
Government grants	20	**8,020,763**	8,210,409
Derivative financial instruments	22	**17,899**	-
Provision for employees' end of service benefits	23	**4,284,897**	3,460,439
		580,744,063	649,011,776
Current liabilities			
Trade and other payables	25	**87,392,384**	88,912,453
Provisions	24	**1,172,936**	843,776
Interest bearing loans and borrowings	19	**209,412,029**	129,588,606
Government grants	20	**845,729**	1,679,818
Income tax payable		**718,652**	665,838
		299,541,730	221,690,491
Total liabilities		**880,285,793**	870,702,267
Total equity and liabilities		**1,559,574,535**	1,514,712,749

The consolidated financial statements on pages 6 to 81 were approved and authorised for issue by Board of Directors on 19 March 2024 and signed on their behalf by:

Director

Director

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RO	2022 RO
Revenue	27	**464,722,690**	442,664,811
Other income	28	**30,429,446**	6,997,893
Operating costs	29	**(236,573,632)**	(252,276,296)
Depreciation and amortization	8,9&10	**(137,356,720)**	(97,744,014)
Release of provisions	24	**912,464**	912,464
Administrative expenses	30	**(53,864,923)**	(52,502,145)
Loss on sale of a subsidiary		**-**	(1,588,952)
Government subsidy written off		**-**	(3,111,939)
Net (provision)/reversal for impairment losses on non-financial assets	8&9	**(22,235,431)**	501
Net provision for impairment losses on financial assets	13	**(4,471,443)**	(2,108,279)
Operating profit		**41,562,451**	41,244,044
Finance costs	32	**(50,988,959)**	(33,305,421)
Finance income	33	**18,244,566**	4,274,560
Share of results of joint ventures and associates	11	**10,683,758**	2,822,064
Government subsidies and grants	20	**25,659,514**	28,818,352
Profit before tax		**45,161,330**	43,853,599
Taxation	34	**1,698,012**	1,205,466
Profit for the year		**46,859,342**	45,059,065
Profit attributable to:			
Owners of the Parent Company		**43,544,995**	42,668,008
Non-controlling interests	7	**3,314,347**	2,391,057
		46,859,342	45,059,065
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges – effective portion of changes in fair value [(1)]		**(7,731,407)**	17,062,816
Total comprehensive income for the year		**39,127,935**	62,121,881
Total comprehensive income attributable to:			
Owners of the Parent Company		**35,895,498**	59,202,537
Non-controlling interests		**3,232,437**	2,919,344
		39,127,935	62,121,881

[(1)] The cash flow hedges do not have any tax impact as these relate to entities registered in tax haven jurisdictions.

The notes and other explanatory information on pages 12 to 81 form an integral part of these consolidated financial statements.

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ASYAD GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Parent Company							
	Share capital RO	Share capital pending registration RO	Legal reserve RO	Cumulative changes in fair values RO	Retained earnings RO	Total RO	Non-controlling interests RO	Total equity RO
At 1 January 2022	337,463,178	114,600,706	8,438,656	10,530,324	105,550,433	576,583,297	14,343,508	590,926,805
Comprehensive income								
Profit for the year	-	-	-	-	42,668,008	42,668,008	2,391,057	45,059,065
Other comprehensive income								
Transfer to legal reserve (note 18)	-	-	3,729,874	-	(3,729,874)	-	-	-
Share of other comprehensive income of joint ventures	-	-	-	19,416	-	19,416	-	19,416
Fair value of cash flow hedge adjustments - gross	-	-	-	16,181,415	-	16,181,415	418,036	16,599,451
Reclassification to profit or loss – gross (note 32)	-	-	-	333,698	-	333,698	110,251	443,949
Total other comprehensive income	-	-	3,729,874	16,534,529	(3,729,874)	16,534,529	528,287	17,062,816
Total comprehensive income for the year	-	-	3,729,874	16,534,529	38,938,134	59,202,537	2,919,344	62,121,881
Transactions with owners								
Disposal of subsidiary	-	-	-	-	942,696	942,696	-	942,696
Dividends	-	-	-	-	(6,000,000)	(6,000,000)	(3,980,900)	(9,980,900)
Total transactions with owners	-	-	-	-	(5,057,304)	(5,057,304)	(3,980,900)	(9,038,204)
31 December 2022	337,463,178	114,600,706	12,168,530	27,064,853	139,431,263	630,728,530	13,281,952	644,010,482

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Parent Company							
	Share capital RO	Share capital pending registration RO	Legal reserve RO	Cumulative changes in fair values RO	Retained earnings RO	Total RO	Non-controlling interests RO	Total equity RO
At 1 January 2023	337,463,178	114,600,706	12,168,530	27,064,853	139,431,263	630,728,530	13,281,952	644,010,482
Comprehensive income								
Profit for the year	-	-	-	-	43,544,995	43,544,995	3,314,347	46,859,342
Other comprehensive income								
Transfer to legal reserve (note 18)	-	-	4,641,394	-	(4,641,394)	-	-	-
Fair value of cash flow hedge adjustments - gross	-	-	-	(3,583,608)	-	(3,583,608)	(81,910)	(3,665,518)
Reclassification to profit or loss – gross (note 32)	-	-	-	(4,065,889)	-	(4,065,889)	-	(4,065,889)
Total other comprehensive income	-	-	4,641,394	(7,649,497)	(4,641,394)	(7,649,497)	(81,910)	(7,731,407)
Total comprehensive income for the year	-	-	4,641,394	(7,649,497)	38,903,601	35,895,498	3,232,437	39,127,935
Transactions with owners								
AP NCI adjustment	-	-	-	-	-	-	308,325	308,325
Dividends	-	-	-	-	-	-	(4,158,000)	(4,158,000)
Total transactions with owners	-	-	-	-	-	-	(3,849,675)	(3,849,675)
31 December 2023	337,463,178	114,600,706	16,809,924	19,415,356	178,334,864	666,624,028	12,664,714	679,288,742

The notes and other explanatory information on pages 12 to 81 form an integral part of these consolidated financial statements.

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ASYAD GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RO	2022 RO
Operating activities			
Profit before tax		**45,161,330**	43,853,599
Adjustments for:			
Depreciation and amortisation	8,9&10	**137,356,720**	97,744,014
Net provision/(reversal) for impairment losses on non-financial assets	8&9	**22,235,431**	(501)
Net provision for impairment losses on financial assets	13	**4,471,443**	2,108,279
Loss on sale of a subsidiary	15	**-**	1,588,952
Release of provisions	24	**(912,464)**	(912,464)
(Gain)/loss on disposal of assets		**(18,120,653)**	1,053,727
Share of results of joint ventures and associates	11	**(10,683,758)**	(2,822,064)
Government subsidies and grants (including amortisation)	20	**(25,659,514)**	(28,818,352)
Provision for employees' end of service benefits	23	**1,646,511**	1,612,005
Finance income	33	**(18,244,566)**	(4,274,560)
Finance cost	32	**50,988,959**	33,305,421
Provisions	24	**329,160**	17,594
Accrued lease rental income		**(201,080)**	(1,349,984)
Profit before changes in working capital		**188,367,519**	143,105,666
Changes in working capital:			
Inventories		**2,906,846**	(82,777)
Trade and other receivables		**1,785,037**	12,337,873
Trade and other payables		**(1,520,069)**	15,818,582
Other assets – current		**3,280,105**	-
Other financial assets at amortised costs		**1,462,669**	-
Margin deposits		**3,127,260**	(2,668,411)
Cash generated from operations		**199,409,367**	168,510,933
Employees' end of service benefits paid	23	**(800,588)**	(1,254,034)
Income tax paid		**(428,367)**	(509,484)
Interest paid		**(50,988,959)**	(33,305,421)
Net cash generated from operating activities		**147,191,453**	133,441,994
Investing activities			
Purchase of property, vessels and equipment	8&10	**(80,303,883)**	(31,607,972)
Investment in joint ventures		**(6,739,825)**	(559,600)
Loans receivable		**143,139**	83,144
Fixed deposits		**(50,763,022)**	(26,353,041)
Receipts under finance lease arrangements		**6,966,403**	6,283,177
Dividend from joint ventures and associates		**8,701,200**	4,933,950
Finance income		**18,244,566**	4,274,560
Proceeds from disposal of assets		**75,310,957**	51,140,044
Net cash (used in)/generated from investing activities		**(28,440,465)**	8,194,262
Financing activities			
Repayment of term loans and capital element of lease liabilities		**(129,582,743)**	(109,000,082)
Dividend paid to minority shareholders		**(4,158,000)**	(3,980,900)
Government grants and subsidies received		**27,485,438**	11,976,662
Deferred consideration paid		**-**	(8,595,819)
Net cash used in financing activities		**(106,255,305)**	(109,600,139)
Change in cash and cash equivalents		**12,495,683**	32,036,117
Cash and cash equivalents at beginning of year		**68,540,385**	36,504,268
Cash and cash equivalents at end of year (note 13(f))		**81,036,068**	68,540,385

Reconciliation of liabilities arising from financing activities (note 13(f))

The notes and other explanatory information on pages 12 to 81 form an integral part of these consolidated financial statements.

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1 Legal status and principal activities

ASYAD Group SAOC ("ASYAD" or the "Company" or "the Parent Company") and its subsidiaries together (the "Group") are engaged in various activities in the logistics sector including maritime, ports, free zones and on land logistics. The Group operates internationally through its subsidiary Asyad Shipping Company SAOC ("ASC"/"Asyad Shipping"), whilst the remainder of the Group largely operates in the Sultanate of Oman. During the year, Oman Shipping Company SAOC changed its name to Asyad Shipping Company SAOC.

The Company was registered with the name Oman Rail Company SAOC as a closed Joint Stock Company with the Ministry of Commerce and Industry, Sultanate of Oman on 7 July 2014 with an authorised capital of RO 500,000. The Company was formed under a Directive of the Supreme Council for Planning no. 5-2-2012 with the principal objective of developing the railway network for Oman.

On 19 April 2016 at an Extraordinary General Meeting of its shareholders, Oman Rail Company SAOC changed its name to Oman Global Logistics Group SAOC and updated its Articles of Association to reflect its role as the Government of the Sultanate of Oman's ("Government") Sector Company for the logistics sector pursuant to a decision issued by the Financial & Energy Resources Council at its meeting No. 3/2015 dated 20 May 2015. In 2020, the name of the Company was changed to ASYAD Group SAOC.

The Company is tasked with implementing Oman's logistics strategy, acting as the Government's investment arm in the logistics sector while also managing the investments transferred to it by the Government.

As of 31 December 2019, the Company was 100% owned by Ministry of Finance ("MOF"), Government of Sultanate of Oman. In June of 2020, by way of a Royal Decree 61/2020 issued by His Majesty Haitham bin Tairk the Sultan of Oman, the Oman Investment Authority ("OIA / Parent Company") was formed. Through this decree, all the competences, allocations, rights, obligations, records, holdings, assets, and investments related to the State General Reserve Fund, Oman Investment Fund, and the Directorate General of Investments in the MOF were transferred to OIA. Therefore, effective from June 2020, ASYAD is 100% owned by OIA which is ultimately owned by the Government of Sultanate of Oman (the "Ultimate Controlling Party").

2 Basis of preparation

(a) The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of the Commercial Companies Law of 2019.

(b) The consolidated financial statements have been presented in Rials Omani ("RO"). The functional currency of the Company is RO.

(c) The consolidated financial statements are prepared under the historical cost convention modified where applicable for financial assets and financial liabilities carried at fair value and disclosed in financial statements.

(d) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

(e) New and amended standards adopted by the Group:

The Group has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2023.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

2 Basis of preparation (continued)

(e) New and amended standards adopted by the Group (continued)

New accounting standards or amendments	Effective for annual periods beginning on or after
IFRS 17 - Insurance Contracts	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01 January 2023
Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Definition of Accounting Estimate - Amendments to IAS 8	01 January 2023
International Tax Reforms - Pillar two model rules - Amendments to IAS 12	23 May 2023

The above standards and amendments do not have any material impact on the Group financial statements except as a result of the amendment to IAS 1, only the material accounting policies have been disclosed.

(f) New standards and interpretations not yet adopted:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(g) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New accounting standards or amendments	Effective for annual periods beginning on or after
Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants – Amendments to IAS 1	01 January 2024
Supplier Finance Arrangements - Amendment to IAS 7 and IFRS 7	01 January 2024
Lease liability in a sale and leaseback - Amendments to IFRS 16	01 January 2024
Lack of Exchangeability – Amendments to IAS 21	01 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

There are no other IFRS standards, amendments or interpretations that are expected to have a material impact on the Group.

2.4 Change in material accounting policies

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2022.

2.4.1 Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

2 Basis of preparation (continued)

2.4 Change in material accounting policies (continued)

2.4.1 Material accounting policy information (continued)

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 'Summary of material accounting policies' (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

2.4.2 Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences-e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group accounted for deferred tax on leases liabilities applying the "integrally linked" approach resulting in a similar outcome to the amendments, except that the Group deferred tax asset or liability was recognised on net basis. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change. The key impact for the Group related to disclosure of the deferred tax assets and liabilities recognized is disclosed in note 34 of these financial statements.

3 Summary of material accounting policies

The Group's principal accounting policies are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of consolidation

(a) Business combination

The Group accounts for the business combinations using the acquisition method where control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 Summary of material accounting policies (continued)

3.1 Basis of consolidation (continued)

(b) Subsidiaries (continued)

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of comprehensive income. If the Group retains any interest on entity that was a subsidiary in the past, then such interest is measured according to IFRS 9 after the control is lost. Subsequently, it is accounted for as associate, joint venture or as a financial asset depending on the level of influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

(c) Associates

Associates are all entities over which, the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after being initially recognized at cost. Investment in associates includes goodwill identified on acquisition.

(d) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(e) Equity method

Under the equity method of accounting, interests are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of another entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the profit or loss section of the statement of comprehensive income.

(f) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries are adjusted to conform to the group's accounting policies.

3 Summary of material accounting policies (continued)

3.1 Basis of consolidation (continued)

(g) Disposal of subsidiaries (loss of control)

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value under IFRS 9.

(h) Non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity reserve attributable to the parent. Gains or losses on disposals to non-controlling interests are also recorded in equity reserve attributable to the parent.

(i) Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities, contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

3.2 Property, vessels and equipment

(a) Owned assets

Items of property, vessels, and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of marine vessels includes purchase price paid to third parties, including registration and legal documentation costs, all directly attributable costs incurred to bring the vessel into working condition at the area of planned use, mobilisation costs to the operating location, sea trial costs, significant rebuild expenditure incurred during the life of the asset and financing costs incurred during the construction period of vessels. Costs for other items

3 Summary of material accounting policies (continued)

3.2 Property, vessels and equipment (continued)

(a) Owned assets (continued)

of property, and equipment include expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, vessels, and equipment have different useful lives, they are accounted for as separate items of property and equipment.

(b) Subsequent expenditure

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in property and equipment. All other expenditure is recognised in the statement of comprehensive income as an expense as incurred. Costs incurred to refurbish owned assets are capitalised within property and equipment and then depreciated over the shorter of the estimated economic life of the related refurbishment or the remaining life of the vessel.

(c) Dry docking costs

The expenditure incurred on vessel dry docking, a component of property and equipment, is amortised over the period from the date of dry docking, to the date on which the management estimates that the next dry docking is due which is generally between two and half to five years.

Gains and losses on disposal of property, vessel and equipment are determined by reference to their carrying amount and are taken into account in determining the operating profit (loss) for the year.

(d) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property and equipment. The estimated useful lives are as follows:

	Years
Buildings and related improvements	3-30
Infrastructure development	5-20
Housing complex	25
Machinery	3-10
Vessels	20-30
Dry docking charges	2½-5
Furniture and fixtures and computer equipment	2-10
Business specific equipment	3-35
Motor vehicles	3-10

The cost of certain assets used on specific contracts is depreciated to estimated residual value over the period of the respective contract, including extensions if any. Depreciation method, useful lives and residual values are reviewed at each reporting date.

The depreciation period for secondhand vessels owned by Asyad Shipping Company SAOC is determined on the basis of the condition and age of the vessels at the time of acquisition, but the depreciation period for such vessels does not exceed 25 years from delivery from the shipyard.

The carrying values of property, vessels and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

3 Summary of material accounting policies (continued)

3.2 Property, vessels and equipment (continued)

(e) Capital work-in-progress

Capital work-in-progress is stated at cost and comprises all costs including borrowing costs directly attributable to bringing the assets under construction ready for their intended use. Capital work-in-progress is transferred to property and equipment at cost on completion. No depreciation is charged on capital work-in-progress.

3.3 Intangible assets and goodwill

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill if they:

- Meet IFRS 3's general recognition principles - assets acquired and liabilities assumed are recognised if they meet the definition of an asset or liability in the Conceptual Framework for Financial Reporting, and
- are identifiable.

According to IAS 38, an acquired intangible asset is identifiable if it meets either of the following criteria:

- Contractual/legal - arising from contractual or legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations
- Separable - capable of being separated or divided from the acquiree and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, identifiable asset or liability.

Intangible assets other than goodwill that have been acquired and have finite lives are measured at fair value upon acquisition less accumulated amortisation and any accumulated impairment losses.

An intangible asset related to favorable lease terms is recognised upon acquisition and amortised over the term of the agreement, where the terms are favorable compared to observable market data and/or future economic benefits of the lease at the acquisition date.

Receivables from the Government are released against additional cash receipts from Government.

Intangible assets arising from contractual or legal rights are recognised upon acquisition at the present value of net economic benefits over the term of the contract, and amortised over the term of the contract.

Amortisation is calculated on a straight-line basis over the estimated lives of the assets as follows:

	Years
Favorable lease terms	5-30
Contractual rights	5-16

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration paid over the Group's interest in the net fair value of the separately identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairments, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

3 Summary of material accounting policies (continued)

3.3 Intangible assets and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash- generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by the Board of Directors, contractual cash flows and projections by the management using industry reports, consultant's forecast and other data available to the management.

3.4 Leases

(a) Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its vessels.

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss within the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Finance leases, which transfer from the Group substantially all of the risks and rewards incidental to ownership of the leased item, are recognised as a disposal of asset at the inception of the lease and are presented as receivables under a finance lease at an amount equal to the net investment in the finance lease. Lease receivables are apportioned between finance income and reductions of the receivables under a finance lease so as to achieve a constant periodic rate of return on the lessor's net investment in the finance lease. Finance income earned is recognised within profit and loss in the consolidated statement of comprehensive income. Lease receivables due within one year are disclosed as current assets.

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

(b) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3 Summary of material accounting policies (continued)

3.4 Leases (continued)

(b) Group as a lessee (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the Group has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

3.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Although the Group does not own land, it has the right to earn rentals through usufruct agreements in place with the relevant Government authorities. Where the Group has the right to issue sub-usufruct agreements, the land is valued separately as an investment property. Any restrictions on usage arising from the usufruct agreement is reflected in the evaluation.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Summary of material accounting policies (continued)

3.5 Investment property (continued)

Investment property also comprises of completed property and property under development. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. When commissioned, property under development is transferred to investment property.

After initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment, if any.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on assets is calculated using the straight-line method to allocate their depreciable cost over their estimated useful lives, as follows:

	Years
Land	Indefinite
Building (including lifts which have life of 10 years)	10 - 20
Warehouse	20
Furniture and fixtures	5
Computers	3

Full month depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss.

3.6 Non-current assets (or disposal groups) classified held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and their fair value less costs to sell. Once classified as held for sale, property, vessels and equipment are no longer depreciated.

3.7 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held-for- sale, and, represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Results of discontinued operations are presented separately in the statement of comprehensive income, if considered material.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

3 Summary of material accounting policies (continued)

3.8 Inventories (continued)

Costs are those expenses incurred in bringing the item of inventory to its present location and condition and are determined at purchase cost on a weighted average cost basis.

Provision is made for slow moving and obsolete inventory items where necessary, based on management's assessment. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

3.9 Investments and other financial assets

3.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short-term deposits with an original maturity of three months or less, from the date of placement, net of bank overdraft. Bank borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 13(e).

Other financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Classification of financial assets at fair value through other comprehensive income

3 Summary of material accounting policies (continued)

3.9 Investments and other financial assets (continued)

3.9.1 Classification (continued)

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

3.9.2 Recognition

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

3.9.3 Derecognition

a) Derecognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

b) Derecognition of financial liabilities:

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.9.4 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

3 Summary of material accounting policies (continued)

3.9 Investments and other financial assets (continued)

3.9.4 Measurement (continued)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.9.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.9.6 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Summary of material accounting policies (continued)

3.9 Investments and other financial assets (continued)

3.9.7 Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

3.10 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3 Summary of material accounting policies (continued)

3.10 Derivatives and hedging activities (continued)

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

3.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses, are recognised in the statement of comprehensive income.

The recoverable amount of an asset or its cash generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Gains and losses on measurement of transactions with shareholders are recognised in equity.

At reporting date, the advance received from shareholders in respect of issuance of ordinary shares and not registered with Ministry of Commerce and Industry is classified as share capital pending registration.

3 Summary of material accounting policies (continued)

3.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.14 Dividend distribution

Dividends are recognised as a liability in the year in which they are approved by the Company's shareholders.

3.15 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liabilities.

3.16 Employees' end of service benefits

End of service benefits is a defined benefit plan and the benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of Oman Labour Law 2003, as amended. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while the provision relating to end of service benefits are classified as a non-current liability.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

For non-Omani companies the end of service benefits are provided as per the respective regulations in their country.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Group's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the aforesaid Oman Labour Law. Under this method, an assessment is made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

3.17 Interest expense

Interest expense on borrowings is calculated using the effective interest rate method. Financing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred.

Borrowing costs comprise interest payable on borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as an expense in the year in which they are incurred.

3 Summary of material accounting policies (continued)

3.18 Income tax

Income tax is provided for in accordance with the fiscal regulations of the country in which the Group operates.

Income tax on the profit or loss for the year comprises current and deferred taxation. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in the equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities or non-current assets depending on the nature of the temporary difference.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The assessment regarding adequacy of tax liability for open tax year relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.19 Foreign currency

The functional currency of the individual entities of the largest subsidiary in the Group, Asyad Shipping, is the United States Dollar. As at the reporting date, the assets and liabilities of Asyad Shipping are translated into the presentation currency of the Group (the Rial Omani) at the rate of exchange ruling at the reporting date and their income statements are translated at the weighted average exchange rates for the year.

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income except for differences arising in retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, to the extent these hedges are effective, which are recognised in other comprehensive income.

3 Summary of material accounting policies (continued)

3.20 Government subsidies and grants

Within the Group a number of entities receive grants from Government. The basis of accounting for the grants varies according to the business activity of the company receiving the grant as detailed below. In all cases the grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(a) Universal Service Obligation ("USO") provision

For those entities which provide a universal service obligation the amount of subsidy is the amount claimed by the relevant company and accepted by the Government as a reimbursement of costs incurred or as compensation for losses incurred and is recognised in the statement of profit or loss for the period for which it is receivable.

Any excess over and above the loss for the year is recognised in the company's statement of financial position as "Government subsidy received in advance" within "Trade and other payables".

Government grants relating to assets are included in non-current liabilities as deferred government grants and are credited to the statement for profit or loss on a straight-line basis over the expected lives of the related assets.

(b) Commercial activities

For entities where grants are required to support operating cash flows the grants from the Government are recognised at their fair value.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the relevant company will comply with all attached conditions. In certain contracts the primary condition of the grant is that the company should acquire or construct non-current assets in which case the grant is included in non-current liabilities as deferred government grants and is credited to the statement of statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3.21 Revenue recognition

(a) Charter hire income and fees

Revenue associated with vessels leased on time charter party agreements is rendered on the basis of time charter applying the contractual terms of the relevant time charter party agreement. Revenue from rendering of services is recognised when the services are rendered and the outcome of the transaction can be estimated reliably, by applying the contractual terms of the relevant management services agreements.

(b) Freight

For vessels operating on spot charters, voyage revenues are, under the new revenue standard, recognized ratably over the estimated length of each voyage, calculated on a load-to-discharge basis. The Group does not begin recognising voyage revenue until a voyage charter has been agreed to by both the Group and the customer, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage.

Voyage expenses are capitalized between the previous discharge port, or contract date if later, and the next load port if they qualify as fulfillment costs under IFRS 15. To recognize costs incurred to fulfil a contract as an asset, the following criteria shall be met: (i) the costs relate directly to the contract, (ii) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and (iii) the costs are expected to be recovered.

3 Summary of material accounting policies (continued)

3.21 Revenue recognition (continued)

(b) Freight (continued)

Voyage expenses are capitalized between the previous discharge port, or contract date if later, and the next load port and amortized between load port and discharge port. Vessel expenses are expensed when incurred and include crew costs, vessel stores and supplies, lubricating oils, maintenance and repairs, insurance and communication costs.

Variable consideration which includes demurrage/dispatch, speed bunker differentials, storage revenue is included in transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Accumulated experience is used to estimate variable consideration using the expected value method.

Revenue for crew services and repairs-maintenance services is recognised for the amount to which the Group has right to invoice for the period, since the invoice amount corresponds directly with the value to the customer of the entity's performance completed to date.'

Further details relating to 'revenue from contract with customers' are disclosed in note 12.

(c) Dividend

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

(e) Dry docking revenue

Where services are provided over a longer period of time such as ship repairs, the Group uses the percentage of completion method. Use of this method requires the company to estimate revenues and costs by reference to the stage of completion of the ship repair service at that date. Any revision to revenue and profit arising from changes in estimates is accounted for in the period when the changes become known.

(f) Lease revenue

Revenue from operating leases is recognised on a straight-line basis over the period of the related contract or term of lease.

3 Summary of material accounting policies (continued)

3.21 Revenue recognition (continued)

(g) Other revenue (continued)

Other revenues are recognised when the control has transferred to the customer. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The Group has long-term agreements with certain customers which determines performance obligation, transaction price and allocates the transaction price to each of the separate performance obligations.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed to be present in other revenue as the sales are made with a credit period.

The Group does not adjust any of the transaction prices for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the relevant industry practice.

3.22 Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3 Summary of material accounting policies (continued)

3.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

3.24 Determination of fair values

Certain of the Group's accounting policies and disclosures require the determination of fair value, for financial assets at fair value through other comprehensive income (FVOCI), financial assets at fair value through profit or loss (FVPL), financial liabilities, derivatives and for non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

Financial assets at FVOCI represent investment in unquoted securities. At the reporting date, the Group did not hold any financial asset at FVPL.

Financial liabilities consist of trade and other payables, interest bearing loans and borrowings, bank overdrafts and vessel deposits. Derivatives consist of interest rate swap agreements.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

The group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The fair values of the financial assets at FVOCI, liabilities and derivatives are not materially different from their carrying values.

3 Summary of material accounting policies (continued)

3.24 Determination of fair values (continued)

(a) Investments

For investments traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date (Level 1).

For unquoted investments, a reasonable estimate of the fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows (Level 2). The fair value for certain unquoted investments are classified as level 3 in the fair value hierarchy note 14 due to the use of unobservable inputs, including own credit risk. (Level 3).

(b) Other interest-bearing items

The fair value of interest-bearing items is estimated based on discounted cash flows using market interest rates for items with similar terms and risk characteristics (Level 2).

(c) Derivatives

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. This calculation is tested for reasonableness through comparison with the valuations received from the parties issuing the instruments (Level 2).

(d) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2).

3.25 Value added taxes

The Company recognises Value Added Tax in line with the rules and regulations set out in the VAT law set out by the Tax Authority of the Sultanate of Oman. The law requires all sales, supplies, services and consumptions within Oman eligible to 5% VAT. The sales, supplies, services, and consumptions outside Oman are subject to zero percent VAT. Revenue, expenses, assets and liabilities are recognised net of the amount of VAT, except where the VAT incurred on the purchase of assets or services is not recoverable from the tax authorities, in which case the VAT is recognised as part of the cost of acquisition of assets or as part of the expense item as applicable.

3.26 Common control transactions

Transactions involving entities under common control where the transaction has substance are accounted for using the acquisition method. For transactions involving entities under common control where the transaction does not have any substance, the Group adopts the pooling of interests method. Under the pooling of interests method, the carrying value of assets and liabilities in the books of the transferor (as adjusted to comply with Group accounting policies), are used to account for these transactions. The relevant book value is the carrying amount of the investee in the separate financial statements of the transferor. No goodwill is recognised as a result of the transfer. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the net assets acquired is reflected as 'merger reserve' within equity.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

4.1 Financial risk factors

(a) Market risk

Market risk is the risk that change in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Foreign currency risk

The Group's functional currency is OMR. Most of transactions are in OMR, however the Group does have financial instruments in foreign currencies, therefore is exposed to currency risk, which is not hedged as detailed below.

Financial assets at amortised cost	**Currency**	**2023 RO**	2022 RO	**Comment**
Loans receivable	Japanese Yen	**1,993,637**	2,136,776	If foreign currency were to shift by +/- 0.5% there will be a maximum change in the profit and equity for the year by RO 9,968 (2022 - RO 10,684)

(ii) Interest rate risk

Risk management strategy

The Group has obtained credit facilities from various international and local banks. Certain credit facilities bear interest at USD SOFR plus applicable margins. To manage this, the Group entered into interest rate swaps, in which the Group agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. As all critical terms matched during the year, the economic relationship was 100% effective. The Group applies hedge accounting to remove the accounting mismatch between the hedging instrument and the hedged item since all critical terms matched during the year and the economic relationship was 100% effective. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Risk management strategy (continued)

Hedge ineffectiveness for interest rate swaps may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases.

There was no ineffectiveness during 2023 or 2022 in relation to the interest rate swaps.

The Group's bank deposits carry fixed rates of interest and therefore, are not exposed to interest rate risk. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group long-term debt obligations with floating interest rates.

At 31 December 2023 and 2022, after taking into account, the effect of interest rate swaps, 59.93% (2022 - 34.60%) of the Groups' total borrowings are at a fixed rate of interest. For the borrowings that are not hedged, if the interest rates on borrowings were to shift by +/- 0.5% there would be a maximum change in the profit and equity for the year by RO 1,193,976 (2022 - RO 2,145,989).

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

Interest rate swaps	**2023** **RO**	2022 RO
Carrying amount of liability hedged (note 22)	**112,546,454**	211,903,618
Notional amount (note 22)	**112,546,454**	211,903,618
Maturity period	**5 - 10 years**	5 - 10 years
Hedge ratio (holding all other variables constant)	**100%**	100%
Change in fair value of outstanding hedging instruments since 1 January	**(7,731,407)**	17,062,816
Change in value of hedged item used to determine hedge effectiveness	**7,731,407**	(17,062,816)
Weighted average hedged rate for the year	**2.45%**	1.92%

Adoption of amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2023. LIBOR is one of the most common series of benchmark interest rates.

As part of the Group's risk management strategy, the Group uses financial instruments to manage exposures arising from variation of interest rates that could affect profit or loss or other comprehensive income and applies hedge accounting to these instruments.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) *Market risk* (continued)

(ii) Interest rate risk (continued)

Risk management strategy (continued)

These financial instruments are referenced to SOFR. Refer note 22 to the consolidated financial statements for nominal value and details of derivative contracts under hedging arrangements.

The Group has early adopted the Interest Rate Benchmark Reform amendment to IFRS 9 and IFRS 7 issued in September 2019. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by SOFR reform. The reliefs have the effect that SOFR reform should not generally cause hedge accounting to terminate.

In calculating the change in fair value attributable to the hedged risk of term loan, the Group has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to the benchmark adopted during 2023, and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument;
- No other changes to the terms of the term loan are anticipated; and
- The Group has incorporated the uncertainty over when the floating-rate debt will move to new adopted benchmark, the resulting adjustment to the spread, and the other aspects of the reform that have not yet been finalised by adding an additional spread to the discount rate used in the calculation.

(b) *Price risk*

As at 31 December 2023, the Group is not materially exposed to price risk as the financial assets at fair value through other comprehensive income (FVOCI) represents an unquoted investment of immaterial value.

The market price of bunker is generally linked to the price of crude oil, and any increase in bunker prices has a negative impact on earnings for the Group. If the price of fuel had increased or decreased by hundred basis points would lead to an impact of RO 430,605 (2022: RO 707,578) on profit and retained earnings. The Group operates a fleet of approximately 52 vessels (2022: 44 vessels) on spot market wherein it incurs the bunker cost. These vessels contribute 37% of the Group’s revenue (2022: 43%) and the fuel consumption amounts during current year amounts to RO 43.061 million (2022 – RO 70.758 million). The remaining revenue is from vessels operating on time charters or contract of affreightment wherein the bunker is the responsibility of the charterer.

(c) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from Group’s receivables, contract assets, and financial assets at amortised cost.

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at fair value through other comprehensive income (FVOCI), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and contract assets.

The Group seeks to limit its credit risk with respect to its finance lease receivables, trade receivables and contract assets by monitoring outstanding receivable balances. The Group has a policy to deal only with credit worthy counter parties. If the customer independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experiences, and other factors.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Credit risk (continued)

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its credit risk with regard to bank deposits by only dealing with banks with high credit rating. The Group also assesses the credit quality of the companies to whom loans have been advanced taking into account their financial position, past experience and other factors.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group has significant concentrations of credit risk with financial assets at amortised cost, details of which are provided in the note below.

The Group evaluates the credit worthiness and business outlook of its customers and specifically those with significant finance lease receivable on periodic basis and makes appropriate provisions, where necessary.

Major classification of financial assets as at 31 December is as follows:

Credit risk	**2023 RO**	2022 RO	**Comments**
Trade receivables	**34,326,637**	38,148,372	The Group has strong counterparties with good reputations and strong financial performance.
Other financial assets at amortised cost	**32,814,217**	48,694,685	
Bank balances	**268,482,574**	200,155,692	The Group liquidity is strictly placed with financial institutions with strong credit ratings or classified as systematic important financial institutions supported by the Oman government.
Receivables under finance lease arrangements	**131,053,407**	138,060,094	Refer to note 13(a) for details.
Loans receivable	**7,632,419**	7,775,558	Refer to note 13(b) for details.
Total	**474,309,254**	432,834,401	

Geographic concentration of credit risk

	2023 RO	2022 RO
GCC	**149,809,975**	117,683,576
Other than GCC	**324,499,279**	315,150,825
	474,309,254	432,834,401

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Credit risk (continued)

At 31 December, the ageing of trade receivables that were not impaired was as follows:

	2023 RO	2022 RO
0 - 120 days	**22,394,672**	25,359,062
121 - 180 days	**4,954,163**	5,001,711
181 - 240 days	**3,063,550**	3,017,111
241 - 300 days	**1,649,733**	1,525,905
301 - 360 days	**1,355,082**	701,455
361 and over	**909,437**	2,543,128
	34,326,637	38,148,372

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Group deals with reputed local banks. Management does not expect any losses from non-performance by these counterparties. The credit ratings for counter parties have been disclosed in notes 13(a) and 13(f).

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations, associated with its financial liabilities that are settled by delivering cash or other financial asset. The Group limits its liquidity risk by ensuring bank facilities are available on a continuous basis. The Group's terms of services either require amounts to be paid in advance or within 30 days of the date of sale. Trade payables are normally settled within thirty days of the date of purchase. The table below summarises the contractual maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates.

		Contractual cash flows			
	Carrying Amount RO	**Less than 1 year RO**	**1 to 5 years RO**	**More than 5 years RO**	**Total RO**
At 31 December 2023					
Non- derivative financial liabilities					
Trade and other payables*	**72,423,487**	**72,423,487**	**-**	**-**	**72,423,487**
Term loans	**595,314,701**	**133,080,311**	**291,967,363**	**349,446,362**	**774,494,036**
Bank overdrafts	**8,235,113**	**8,235,113**	**-**	**-**	**8,235,113**
Lease liabilities	**173,909,536**	**92,532,529**	**87,739,266**	**19,519,899**	**199,791,694**
	849,882,837	**306,271,440**	**379,706,629**	**368,966,261**	**1,054,944,330**

		Contractual cash flows			
	Carrying Amount RO	Less than 1 year RO	1 to 5 years RO	More than 5 years RO	Total RO
At 31 December 2022					
Non- derivative financial liabilities					
Trade and other payables*	86,324,737	86,324,737	-	-	86,324,737
Term loans	662,318,852	109,114,590	326,382,884	354,368,790	789,866,264
Bank overdrafts	39,676	39,676	-	-	39,676
Lease liabilities	104,156,434	38,252,767	69,752,833	13,674,964	121,680,564
	852,839,699	230,054,965	396,135,717	368,043,754	997,911,241

* Trade and other payables balance exclude interest payable, advance subsidy received, advance from customers and contract liabilities (unearned income). The maturity profile of derivative financial instruments is given in note 22.

4 Financial risk management (continued)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for members and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares, or sell assets.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio (debt to total equity)

	2023 **RO**	2022 RO
Debt**	**777,459,350**	766,514,962
Total equity	**679,288,742**	644,010,482
Debt to equity ratio (times)	**1.145**	1.190

** Debt includes term loans, loans from commercial banks, lease liabilities, bank overdrafts and excludes the deferred finance cost.

5 Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial statements:

5.1 Judgements

(a) Determination of cash generating unit

Management has assessed the entire fleet of a specific category of vessel as a single CGU. Among other things, the judgement effects on which basis an impairment test is performed. The CGUs are considered to be the VLCC fleet and the Dry bulk fleet. When determining that the fleet of vessel forms one single CGU, Management has considered the degree of interdependency between the vessels operating in the fleet in respect of commercial decisions, operating synergies and financial efficiencies. Management has concluded that the interdependency is of such extent that the cash inflows are not largely independent from each other and that, consequently, the entire fleet forms one CGU. When determining that the CGU is not at a lower level than the vessel fleet, Management has attached importance to the fact that fleet is managed as a portfolio, where revenue is shared on a pool basis and the vessels in the fleet as well as the cashflows are largely interchangeable.

5.2 Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5 Critical accounting estimates and judgements (continued)

5.2 Estimates and assumptions (continued)

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the note 13(e).

At the reporting date, gross trade receivables, contract assets, loans receivables and receivables under finance lease arrangements were RO 47.290 million, RO 11.645 million, RO 7.657 million and RO 131.230 million respectively (2022 – RO 49.075 million, RO 19.229 million, RO 7.800 million and RO 138.197 million respectively) and the loss allowance was RO 12.963 million, RO 0.092 million, RO 0.025 million and RO 0.177 million respectively (2022 - RO 10.926 million, RO 0.195 million, RO 0.025 million and RO 0.137 million respectively). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

At 31 December 2023, loss allowance on other financial assets was not considered material and accordingly was not recognised in these consolidated financial statements.

(b) Provisions

An onerous contract or unfavorable lease is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Group evaluates its contracts for possible losses at each reporting date and makes provision, as necessary. This evaluation involves significant judgments with respect to the rates used, expected utilisation and other related factors. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(c) Favourable lease terms and contractual rights

The Group recognises favorable lease terms where the terms are favourable compared to observable market data and/or future economic benefits of the lease at the acquisition date. Intangible assets arising from contractual or legal rights are measured at the present value of net economic benefits over the term of the contract. The Group evaluates its contracts for possible losses at each reporting date and makes provision, as necessary. This evaluation involves significant judgments with respect to the rates used, expected utilisation and other related factors.

(d) Impairment of investments in joint ventures

The impairment of costs in the respective joint ventures is based on significant estimates and assumptions including the estimation of per day charter revenue rates, growth rates, discount rates, inflation rates and residual values. The impairment provision recognised in respective joint ventures has been accounted for in the Group's consolidated financial statements through the share of loss from the joint venture entities.

Based on the information available, including an evaluation of the assumptions as above, management concluded that no further impairment provision is required in respect of these investments in the Group's consolidated financial statements as the joint ventures are profitable. The Group's share of losses would increase or decrease if there are changes to these estimates. Similarly, adjustments may be necessary to the carrying value of investments if there are significant changes in the above estimates.

At the reporting date, gross investments in joint ventures were RO 96.340 million (2022 - RO 95.940 million) and the provision for impairment was RO 3.450 million (2022 - RO 2.864 million).

5 Critical accounting estimates and judgements (continued)

5.2 Estimates and assumptions (continued)

(e) Impairment of non-current assets

(i) Vessels

The Group determines whether its non-financial assets are impaired when there are indicators of impairment as defined in IAS 36. This requires an estimation of the value-in-use of the cash-generating unit ('the CGU'), which constitutes the carrying value of the fleet of vessels (including vessel components) as at 31 December 2023. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

As a consequence of ongoing volatility in freight rates during 2023, the carrying value of the Group's VLCC fleet CGUs, container fleet CGUs and leased container vessels CGUs have been assessed for impairment. As of 31 December 2023, management performed an impairment test of the recoverable amount of Group's leased container vessels and the carrying value of the 4 CGUs exceeded by RO 22.33 million resulting in impairment.

The Group uses freight rate estimates based on 10-year historical average rates whereas in case of container business since, the Group do not have past 10 years container business history and considering volatility, the Group has used average market rates (considering both past and future prospects worst and best case scenarios) obtained from reputable brokers (i.e., MSI Horizon Services, MB Ship Brokers & Braemar).

The carrying value of the VLCC and container fleet CGUs as at 31 December 2023 was RO 304.019 million (2022 - RO 359.679 million).

The assessment of the value in use of the VLCC and container fleet CGUs was based on the net present value of the expected future cash flows. The freight rate estimates are based on 10-year historical average rates and are consistent with the Group's business plans. The Group believes that the approach used for long-term rates appropriately reflects the cyclical nature of the shipping industry and is the most reliable estimate for the periods considered in the assessment. The Group's assessment also considers the anticipated benefit arising from the installation of scrubbers on certain of the Group's VLCC fleet (the "scrubber premium"), based on current market differentials between the cost of heavy and low sulfur fuel oil. It has been assumed that this cost differential will prevail for the next four years.

The Operating expenses and administrative expenses are adjusted for 2.75% per annum. The discount rate used in the value in use calculation is based on a Weighted Average Cost of Capital (WACC) of 12.2% as of 31 December 2023 (2022: 10.7%). WACC is calculated by using a standard WACC model in which cost of equity, cost of debt and capital structure are the key parameters.

As of 31 December 2023, the 10-year historical average spot freight rates used in the value in use calculation are as follows:

- VLCC fleet: USD/day 31,557 (consisting of 15 VLCC's with DWT 300,000-325,000)
- Container fleet: USD/day 21,911 & 23,805 (consisting of 2 container ships with TEUs 500 -4200)

The vessels are expected to generate normal income for the entire duration of their useful life from the date of delivery from the shipyard. Given the current age profile of the underlying vessels, the average remaining life would be 8 years to 18 years for the VLCC fleet and 10 years to 12 years for the container fleet. The Group has used forecasted cashflows for the average remaining life for the VLCC and container fleet. The calculation of the value in use is sensitive to changes in the key assumptions which are related to the future development in freight rates, the WACC applied as discounting factor in the calculations, the development in operating expenses and the long-term scrubber premium.

5 Critical accounting estimates and judgements (continued)

5.3 Estimates and assumptions (continued)

(e) Impairment of non-current assets (continued)

(i) Vessels (continued)

All other things being equal, the sensitivities to the value in use have been assessed as follows:

- An increase/decrease in the freight rates of USD 1,000 per day would result in an increase in the value in use of RO 13.93 million in the VLCC and container fleet;
- An increase in WACC of 1% would result in a decrease in the value in use of RO 17.98 million. Furthermore, a decrease in WACC of 1% would result in an increase in the value in use of RO 19.62 million.
- An increase in inflation of 1 % would result in an increase in the value in use of RO 0.998 million. A decrease in inflation of 1% would result in a decrease in the value in use of RO 0.944 million.
- An increase/decrease in the long-term scrubber premium related to the VLCC fleet to 25% of the amount assumed would result in an increase/decrease in the value in use of RO 0.933 million.

As outlined above, the impairment test has been prepared on the basis that the Group will continue to operate its vessels as a fleet in the current set-up.

The Fair value was derived from the Clarksons' Shipping Weekly Report and adjusted for the age of the vessel.

The recoverable value is the higher of fair value less costs to sell for the VLCC and container fleet was RO 468.333 million or the value in use of RO 335.486 million. The recoverable value is RO 468.333 million higher than the carrying value of RO 358.890 million, hence no impairment is charged in the current year.

(ii) Buildings

SFZ headquarter building is classified as both investment property and property, vessels and equipment. During the year, the Group engaged an independent professionally qualified valuer. The valuer has used investment market value approach. The valuer has made assumptions with respect to tenure, town planning, the conditions and repair of the subject building, including environmental and ground conditions. As at December 31, 2023, the fair value of the building as determined by the valuer was higher as compared to its net book value.

(f) Useful lives of property, vessel and equipment

The useful lives, residual values and methods of depreciation of property, vessel and equipment are reviewed, and adjusted if appropriate, at each financial year end. In the review process, the Group takes guidance from recent acquisitions, as well as market and industry trends. In accordance with its policy, the Group reviews the estimated useful lives and residual values of its property, vessel and equipment on an ongoing basis. The impact on subsequent accounting periods of extending the useful lives of these assets will depend on acquisition of new of assets within the categories concerned. Accordingly, no specific forecasts can be made in respect of future periods. For the year ended 31 December 2023, no change in estimated useful lives and residual values of property, vessel and equipment was considered necessary.

(g) Allocation of transaction price

(i) Advertisement contracts

Some fixed-price advertisement contracts include provision for multiple services. Because these contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis. Management estimates the stand-alone selling price at contract inception based on observable prices of the type of services likely to be rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to all the performance obligations based on their relative stand-alone selling prices.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

6 Investment in subsidiaries, joint ventures and associates

(a) List of subsidiaries, joint ventures and associates

In 2016 the Government, through the MOF, transferred a number of companies to the Group as detailed below. The transfers enabled the Group to act as the Government's Sector Company for the logistics sector pursuant to a decision issued by the Financial & Energy Resources Council at its meeting No. 3/2015 dated the 20th of May 2015 (refer to note 1).

As at 31 December 2023 and 2022 the Company held the subsidiaries, joint ventures and associates detailed below. In each case the percentage shareholding equals the percentage of voting interests.

Company name		**Country of incorporation**	**% Holding 2023**	% Holding 2022
Subsidiaries				
Asyad Shipping Company SAOC ("ASC")		Sultanate of Oman	**100%**	100%
Oman Post Company SAOC ("OPC")		Sultanate of Oman	**100%**	100%
Oman National Transport Company SAOC ("ONTC")		Sultanate of Oman	**100%**	100%
National Ferries Company LLC ("NFC")		Sultanate of Oman	**100%**	100%
Oman Logistics Company LLC ("OLC")		Sultanate of Oman	**100%**	100%
Asyad Drydock Company LLC ("ADC")		Sultanate of Oman	**100%**	100%
Salalah Free Zone Company LLC ("SFZ")		Sultanate of Oman	**100%**	100%
Oman Rail Company LLC ("ORC")		Sultanate of Oman	**100%**	100%
Asyad Ports LLC ("AP") (Previously Asyad Ports and Terminal LLC ("APT"))	(i)	Sultanate of Oman	**100%**	-
Asyad Logistics LLC ("AL") (Previously Asyad Investment and Business Company LLC ("AIBC"))		Sultanate of Oman	**100%**	100%
Oman Road and Transport Management Company LLC (under liquidation) ("ORTMC")	(ii)	Sultanate of Oman	**100%**	100%
Asyad Supply Chain Services SPC ("ASCS") (Previously Al Ameen Stores and Refrigeration SPC ("ASR"))	(iii)	Sultanate of Oman	**-**	100%

(i) As part of Group restructuring, during the period 100% shares of AP were transferred to the Company from AL without any consideration.

(ii) During the period, formal liquidation of ORTMC was commenced where the liquidation notification was published in the official gazette on 20 February 2023.

(iii) As part of Group restructuring, during the period 100% shares of ASCS were transferred from the Company to AL without any consideration.

Company name	**Country of incorporation**	**% Holding 2023**	% Holding 2022
Joint ventures and associates			
Port of Duqm Company SAOC ("PDC")	Sultanate of Oman	**50%**	50%
Sohar Industrial Port Company SAOC ("SIPC")	Sultanate of Oman	**50%**	50%
Sohar International Development Company LLC ("SIDC")	Sultanate of Oman	**50%**	50%
Duqm Industrial Land Company LLC ("DILC")	Sultanate of Oman	**25%**	25%
Duqm Logistic Lands and Investment Company LLC ("DLLIC")	Sultanate of Oman	**40%**	-
Salalah Port Services Company SAOG ("SPS")	Sultanate of Oman	**20%**	20%

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

6 Investment in subsidiaries, joint ventures and associates (continued)

(a) List of subsidiaries, joint ventures and associates (continued)

IFRS 10 requires the Company to identify a control framework to identify associates, joint ventures and subsidiaries. As a result, the Company is accounting for the transferred entities as follows:

(a) PDC, SIPC and SIDC (ownership - 50%) are considered to be joint ventures as these are jointly controlled through a Memorandum of Understanding which includes deadlock provisions which means neither party has control.

(b) DILC, DLLIC and SPS are treated as associates as ownership is greater than 20% but the Company does not have control of the respective entities.

All other companies are accounted for as subsidiaries of the Company, because the Group controls these entities as it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to effect returns through its power over the entities.

(b) Revenues and profits of the subsidiaries

The subsidiaries contributed the following revenue and profit/(loss) to the Group results, after incorporating consolidation entries:

Company	**Revenue 2023 RO**	**Profit/(loss) 2023 RO**	Revenue 2022 RO	Profit/(loss) 2022 RO
ASC	**363,491,550**	**35,466,896**	348,117,048	37,083,261
ADC	**63,370,184**	**8,131,381**	61,380,053	11,980,518
AL	**6,995,008**	**(107,373)**	9,683,748	(1,345,009)
SFZ	**7,261,432**	**(1,440,642)**	7,740,365	(126,724)
ONTC	**6,671,262**	**1,274,225**	5,011,389	(1,434,180)
OPC	**4,891,367**	**30,171**	3,811,478	1,021,582
ORC	**3,906,332**	**1,529,358**	3,169,545	1,225,028
IMCO	**-**	**-**	1,758,743	(612,295)
NFC	**1,132,516**	**261,470**	1,123,728	(2,102,144)
ASCS	**-**	**(615,186)**	684,514	146,083
OLC	**324,399**	**168,857**	184,200	33,603
AP	**6,678,640**	**912,700**	-	-
Total	**464,722,690**	**45,611,857**	442,664,811	45,869,723

Reconciliation to Group's reported net profit (profit for the year):

	2023 RO	2022 RO
Profit of the subsidiaries	**45,611,857**	45,869,723
Profit for the year	**46,859,342**	45,059,065
Difference	**(1,247,485)**	810,658
Adjustments for:		
Asyad Corporate profit/(loss)	**39,600,899**	(18,419,195)
Share of results of equity accounted investments	**9,687,786**	10,090,031
Dividend from Group companies	**(48,041,200)**	7,518,506
	1,247,485	(810,658)
Difference	**-**	-

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

7 Non-controlling interests

As of 31 December 2023 and 31 December 2022, there was no direct non-controlling interests for the Group.

The NCI disclosed in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income includes non-controlling interests within subsidiaries of ASC and AP.

2023	**Carrying amount of NCI RO**	**Profit/(loss) attributable to NCI RO**
NCI in ASC's subsidiaries	**12,902,242**	**3,706,548**
NCI in AP's subsidiaries	**(237,528)**	**(392,201)**
Total	**12,664,714**	**3,314,347**

2022	Carrying amount of NCI RO	Profit/(loss) attributable to NCI RO
NCI in ASC's subsidiaries	13,590,275	2,699,380
NCI in AIBC's subsidiaries	(308,323)	(308,323)
Total	13,281,952	2,391,057

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

8 Property, vessels and equipment

	Capital-work-in progress RO	Vessels (8.1) RO	Buildings RO	Motor vehicles RO	Infrastructure development (8.2) RO	Machinery & others RO	Right of use assets (8.3) RO	Total RO
Cost								
At 1 January 2022	4,033,948	2,642,567,944	48,088,723	13,580,849	28,730,428	26,517,483	80,549,155	2,844,068,530
Acquisition during the year	140,281	-	4,330,742	460,149	-	1,865,839	1,341,908	8,138,919
Additions during the year	6,417,430	11,568,276	213,413	680,211	707,608	11,170,900	75,505,122	106,262,960
Transfers	(361,419)	-	-	-	-	361,419	-	-
Disposals	-	(130,809,899)	(465,963)	(523,014)	-	(4,101,031)	-	(135,899,907)
Impairment / write off	(106,351)	(5,084,620)	-	(43,461)	-	-	(176,595)	(5,411,027)
At 31 December 2022	10,123,889	2,518,241,701	52,166,915	14,154,734	29,438,036	35,814,610	157,219,590	2,817,159,475
At 1 January 2023	**10,123,889**	**2,518,241,701**	**52,166,915**	**14,154,734**	**29,438,036**	**35,814,610**	**157,219,590**	**2,817,159,475**
Additions during the year	**51,745,165**	**22,636,383**	-	**329,522**	**20,750**	**4,971,194**	**142,248,089**	**221,951,103**
Transfers	**(7,802,337)**	**7,718,212**	-	-	**78,265**	**5,860**	-	-
Disposals	-	**(132,907,283)**	**(1,100,691)**	**(650,744)**	-	**(2,066,340)**	**(148,035)**	**(136,873,093)**
At 31 December 2023	**54,066,717**	**2,415,689,013**	**51,066,224**	**13,833,512**	**29,537,051**	**38,725,324**	**299,319,644**	**2,902,237,485**

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

8 Property, vessels and equipment (continued)

	Capital-work-in progress RO	Vessels (8.1) RO	Buildings RO	Motor vehicles RO	Infrastructure development (8.2) RO	Machinery & others RO	Right of use assets (8.3) RO	Total RO
Accumulated depreciation								
1 January 2022	1,275,100	1,874,429,821	8,791,201	11,900,652	20,614,628	15,715,439	30,384,126	1,963,110,967
Acquisition during the year	-	-	950,731	435,418	-	1,082,254	104,262	2,572,665
Charge for the year	-	55,620,797	2,594,144	961,107	360,475	3,990,839	26,881,467	90,408,829
Disposals	-	(79,146,981)	(148,024)	(329,831)	-	(3,772,654)	-	(83,397,490)
Write off	-	(621,728)	-	(43,461)	-	-	(176,595)	(841,784)
31 December 2022	1,275,100	1,850,281,909	12,188,052	12,923,885	20,975,103	17,015,878	57,193,260	1,971,853,187
1 January 2023	**1,275,100**	**1,850,281,909**	**12,188,052**	**12,923,885**	**20,975,103**	**17,015,878**	**57,193,260**	**1,971,853,187**
Charge for the year	-	**53,293,749**	**486,447**	**338,395**	**372,445**	**4,110,402**	**72,886,685**	**131,488,123**
Disposals	-	**(77,090,371)**	-	**(595,003)**	-	**(1,849,380)**	**(148,035)**	**(79,682,789)**
Impairment	-	-	-	-	-	-	**22,325,594**	**22,325,594**
31 December 2023	**1,275,100**	**1,826,485,287**	**12,674,499**	**12,667,277**	**21,347,548**	**19,276,900**	**152,257,504**	**2,045,984,115**
Net carrying amount								
At 31 December 2023	**52,791,617**	**589,203,726**	**38,391,725**	**1,166,235**	**8,189,503**	**19,448,424**	**147,062,140**	**856,253,370**
At 31 December 2022	8,848,789	667,959,792	39,978,863	1,230,849	8,462,933	18,798,732	100,026,330	845,306,288

8.1 Certain of the Group's vessels are secured against loan arrangements. Details regarding the Group's obligations under its loan arrangements and its future commitments are set out in note 19.

8.2 During 2023, the Group entered into a contract for the construction of two LNG vessels and costs incurred upto 31 December 2023 aggregated to RO 38,573,218 (2022: Nil). Included in this amount are capitalised borrowing costs related to the construction of the two LNG vessels of RO 958,718 (2022: Nil), calculated using a capitalisation rate of 4.37 percent.

8.3 Infrastructure development largely relates to SFZ.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

8 Property, vessels and equipment (continued)

8.4 The Group has entered into long-term charter contracts for leasing vessels, which it further engages in operations for generating revenue. It has also leased land and building for administrative purposes. The vessel lease contracts are typically entered into for a period of 2 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at date of measurement which were between 2.75% and 7.5% (2022: 2.75% to 7.5%) at the date of initial adoption. The Group is not exposed to any future cash-flows from variable lease terms or residual value guarantees that are not reflected in the measurement of lease liabilities. There are no extension or early termination options with respect to lease liabilities.

8.5 The statements of financial position and profit or loss shows the following amounts relating to lease of right of use assets:

	Land RO	Properties RO	Vessels RO	Vehicles RO	Total RO
Cost					
At 1 January 2022	1,291,490	5,655,155	73,329,000	273,510	80,549,155
Acquisition during the year	-	1,341,908	-	-	1,341,908
Additions during the year	814,350	3,304,747	71,386,025	-	75,505,122
Write off	-	-	(176,595)	-	(176,595)
At 31 December 2022	2,105,840	10,301,810	144,538,430	273,510	157,219,590
At 1 January 2023	**2,105,840**	**10,301,810**	**144,538,430**	**273,510**	**157,219,590**
Additions during the year	**1,174,411**	**784,555**	**140,289,123**	**-**	**142,248,089**
Disposals	**-**	**-**	**-**	**(148,035)**	**(148,035)**
At 31 December 2023	**3,280,251**	**11,086,365**	**284,827,553**	**125,475**	**299,319,644**
Accumulated depreciation					
At 1 January 2022	116,093	2,571,092	27,554,014	142,927	30,384,126
Acquisition during the year	-	104,262	-	-	104,262
Charge for the year	104,639	714,022	26,012,506	50,300	26,881,467
Disposals	-	-	-	-	-
Write off	-	-	(176,595)	-	(176,595)
At 31 December 2022	220,732	3,389,376	53,389,925	193,227	57,193,260
At 1 January 2023	**220,732**	**3,389,376**	**53,389,925**	**193,227**	**57,193,260**
Charge for the year	**9,005**	**93,892**	**72,783,788**	**-**	**72,886,685**
Disposals	**-**	**-**	**-**	**(148,035)**	**(148,035)**
Impairment	**-**	**-**	**22,325,594**	**-**	**22,325,594**
At 31 December 2023	**229,737**	**3,483,268**	**148,499,307**	**45,192**	**152,257,504**
Net carrying amount at 31 December 2023	**3,050,514**	**7,603,097**	**136,328,246**	**80,283**	**147,062,140**
31 December 2022	1,885,108	6,912,434	91,148,505	80,283	100,026,330

The Group leases various offices, lands, vessels, ferries, warehouses and vehicles. Rental contracts are typically made for fixed periods of 3 to 50 years but may have extension options as described in note 3.4(b). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

9 Investment property

The investment property comprises of the following:

	Land RO	Building RO	Warehouse RO	Furniture and equipment RO	Total RO
Cost					
At 1 January and 31 December 2022 and 2023	**13,318,961**	**7,509,838**	**10,806,145**	**1,050,003**	**32,684,947**
Accumulated depreciation					
1 January 2022	-	3,293,151	1,204,789	729,806	5,227,746
Charge for the year	-	307,454	540,307	66,313	914,074
31 December 2022	-	3,600,605	1,745,096	796,119	6,141,820
1 January 2023	-	**3,600,605**	**1,745,096**	**796,119**	**6,141,820**
Charge for the year	-	**375,211**	**515,432**	**92,411**	**983,054**
31 December 2022	-	**3,975,816**	**2,260,528**	**888,530**	**7,124,874**
Net carrying amount					
At 31 December 2023	**13,318,961**	**3,534,022**	**8,545,617**	**161,473**	**25,560,073**
At 31 December 2022	13,318,961	3,909,233	9,061,049	253,884	26,543,127

Land represents commercial properties for which a number of the Group entities have been granted usufruct agreements. Where the entity has the right to issue sub-usufruct agreements the land has been valued by an independent property evaluation expert and included in investment property. The Group holds eleven such properties totaling approximately 60,000 square meters. The fair value of the parcels of land is RO 13,318,961 (2022 - RO 13,318,961) which is based on discounted long-term lease rental rates. The Parent Company is currently developing a strategy to market these properties.

The Group is the beneficiary of usufruct agreements relating to a number of other plots in addition of land. At this stage the Parent Company is determining the best use of these plots including using them for operational purposes. As a result, they have not been included in investment property. Certain of the Group's investment properties were valued at 31 December 2023 by independent professionally qualified valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The fair value of other investment properties was determined internally by management. Based on such valuations, the fair value of the investment property as at 31 December 2023 was RO 13,701,713 (2022 - 13,701,713).

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

10 Intangible assets and goodwill

The Company has recognised a number of intangible assets upon share transfer of a number of group companies. Favorable lease terms recognised during the transfer relate to the long-term charter of LNG ships and VLOCs of ASC. Contractual rights relate to technical management and chartering contracts of OSMC and OCC.

During 2022, the remaining favorable lease term balance relating to IMCO buildings was impaired as a result of sale of IMCO. Further, during 2022 the Group acquired 100% shares in ASCS, a cold chain warehousing and transportation company based in Oman. The acquisition is part of its cold chain ambitions. ASCS will form the base on which the Group will build a world class integrated food logistics company. This acquisition resulted in goodwill of RO 615,186.

Reconciliation of carrying amount

	Goodwill RO	Favourable lease terms RO	Contractual rights RO	ERP RO	Total RO
Cost					
At 1 January 2022	2,419,444	42,288,726	18,133,080	586,851	63,428,101
Additions during the year	615,186	-	-	234,948	850,134
At 31 December 2022	3,034,630	42,288,726	18,133,080	863,450	64,319,886
Additions during the year	-	-	-	**600,869**	**600,869**
Transfer	-	-	-	**(35,490)**	**(35,490)**
At 31 December 2023	**3,034,630**	**42,288,726**	**18,133,080**	**1,428,829**	**64,885,265**
Accumulated amortisation					
At 1 January 2022	2,419,444	26,888,787	8,045,805	517,794	37,871,830
Charge for the year	-	4,795,604	1,441,040	184,467	6,421,111
Impairment	-	829,164	-	-	829,164
At 31 December 2022	2,419,444	32,513,555	9,486,845	702,261	45,122,105
Charge for the year	**-**	**3,456,896**	**1,441,040**	**(12,393)**	**4,885,543**
At 31 December 2023	**2,419,444**	**35,970,451**	**10,927,885**	**689,868**	**50,007,648**
Net carrying amount					
At 31 December 2023	**615,186**	**6,318,275**	**7,205,195**	**738,961**	**14,877,617**
At 31 December 2022	615,186	9,775,171	8,646,235	161,189	19,197,781

Amortisation

The above amortisation is charged to the consolidated statement of profit or loss and is allocated to depreciation and amortisation.

Impairment testing

The goodwill comprises:

- the value customer lists, that are not separately recognized, and
- implicit Government support resulting lower cost of borrowing. Due to the terms imposed for such support, the Government support is not separable. Therefore, it does not meet the criteria for recognition as separate intangible asset under IAS 38.

For the purposes of impairment testing goodwill has been allocated to the Parent Company of the ASC group. The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and estimated growth rates.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

10 Intangible assets and goodwill (continued)

The calculation of value in use is most sensitive to the following assumptions:

- Margins and return on assets
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.

11 Investments accounted for using equity method

The following table illustrates the movement of the Company's investment in joint ventures (JVs) and associates:

	2023 RO	2022 RO
At 1 January	**90,772,822**	84,547,889
Investment in direct associate	**-**	440,000
Share of results	**9,687,786**	9,698,633
Dividends	**(6,391,200)**	(3,913,700)
At 31 December	**94,069,408**	90,772,822

The following table illustrates the movement of the Group investment in JVs and associates including indirect JVs and associates:

	2023 RO	2022 RO
At 1 January	**114,001,504**	116,169,636
Share of results	**10,683,758**	2,822,064
Investment in direct associate	**6,739,825**	440,000
Investment in indirect joint ventures	**-**	119,600
Other comprehensive income of indirect investments	**-**	19,416
Adjustment during the year	**341,721**	(635,262)
Dividends	**(8,701,200)**	(4,933,950)
At 31 December	**123,065,608**	114,001,504

In addition, the JVs and associates include following for the year ended 31 December 2023:

	2023 RO	2022 RO
Share of results		
Company's investments	**9,687,786**	9,698,633
ASC's investments	**997,611**	(6,777,233)
ADC's investments	**-**	(99,336)
APC's investments	**(1,639)**	-
Total	**10,683,758**	2,822,064

	2023 RO	2022 RO
Carrying value		
Company's investments	**94,069,408**	90,772,822
ASC's investments	**21,738,812**	23,109,082
AL's investments	**-**	119,600
ORC's investment	**6,739,825**	-
AP's investment	**517,563**	-
Total	**123,065,608**	114,001,504

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11 Investments accounted for using equity method (continued)

Summarised financial information

The following table illustrates summarised information of the Company's investment in JVs and associates:

(All amount in 'RO')

31 December 2022	Group's share of the JVs			Group's share of associates			
	PDC	SIPC	SIDC	SPS	DLLIC	DILC	Total
	2022	2022	2022	2022	2022	2022	2022
Current assets	6,228,559	13,180,476	16,607,687	11,085,874	3,892	418,625	47,525,113
Non-current assets	6,656,668	20,790,904	38,023,168	12,893,366	3,158,979	723,926	82,247,011
Current liabilities	(6,287,183)	(12,510,879)	(6,448,247)	(5,901,539)	(1,259,699)	(36,337)	(32,443,884)
Non-current liabilities	(179,862)	(15,554,448)	(11,279,076)	(3,184,333)	-	-	(30,197,719)
Book value of investment	6,418,182	5,906,053	36,903,532	14,893,368	1,903,172	1,106,214	67,130,521
Fair value adjustment	222,507	(187,438)	11,843,033	12,151,723	-	(387,524)	23,642,301
Carrying amount of investment	6,640,689	5,718,615	48,746,565	27,045,091	1,903,172	718,690	90,772,822
Share of revenue and profit:							
Revenue [(1)]	5,351,609	13,935,508	10,594,685	14,238,527	3,230,998	244,434	47,595,761
Profit [(1)]	1,817,656	540,000	5,171,156	651,194	1,463,172	55,455	9,698,633

31 December 2023	**Group's share of the JVs**			**Group's share of associates**			
	PDC	**SIPC**	**SIDC**	**SPS**	**DLLIC**	**DILC**	**Total**
	2023	**2023**	**2023**	**2023**	**2023**	**2023**	**2023**
Current assets	**9,338,782**	**12,898,500**	**11,627,000**	**7,323,778**	**236,910**	**460,852**	**41,885,822**
Non-current assets	**8,110,833**	**19,505,500**	**36,583,000**	**17,389,280**	**3,015,386**	**744,374**	**85,348,373**
Current liabilities	**(7,787,765)**	**(14,185,451)**	**(5,289,982)**	**(5,662,452)**	**(11,055)**	**(49,005)**	**(32,985,710)**
Non-current liabilities	**(1,278,489)**	**(10,713,000)**	**(7,634,500)**	**(3,142,520)**	**(1,052,869)**	**-**	**(23,821,378)**
Book value of investment	**8,383,361**	**7,505,549**	**35,285,518**	**15,908,086**	**2,188,372**	**1,156,221**	**70,427,107**
Fair value adjustment	**222,507**	**(187,438)**	**11,843,033**	**12,151,723**	**-**	**(387,524)**	**23,642,301**
Carrying amount of investment	**8,605,868**	**7,318,111**	**47,128,551**	**28,059,809**	**2,188,372**	**768,697**	**94,069,408**
Share of revenue and profit:							
Revenue [(1)]	**6,714,612**	**15,233,500**	**11,696,000**	**13,770,462**	**182,798**	**235,690**	**47,833,062**
Profit [(1)]	**2,593,293**	**540,000**	**5,672,000**	**563,043**	**298,602**	**20,848**	**9,687,786**

(1) For the year ended 31 December 2023 and 2022, estimated by the JVs and associates.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11 Investments accounted for using equity method (continued)

The following table illustrates summarised information of the JVs and associates as included in their own financial statements:

(All amount in 'RO')

	JVs			Associates			
	PDC 2022	SIPC 2022	SIDC 2022	SPS 2022	DLLIC 2022	DILC 2022	Total 2022
31 December 2022							
Current assets	12,457,117	26,360,952	33,215,373	55,208,534	9,730	1,708,674	128,960,380
Non-current assets	13,313,335	41,581,807	76,046,335	64,209,989	7,897,447	2,954,800	206,003,713
Current liabilities	(12,574,366)	(25,021,758)	(12,896,493)	(29,390,136)	(3,149,246)	(148,315)	(83,180,314)
Non-current liabilities	(359,724)	(31,108,895)	(22,730,062)	(15,858,230)	-	-	(70,056,911)
Net assets	12,836,362	11,812,106	73,635,153	74,170,157	4,757,931	4,515,159	181,726,868
Share of revenue and profit:							
Revenue [1]	10,703,217	27,871,015	21,189,369	70,909,000	8,077,495	997,691	139,747,787
Profit [1]	3,635,311	1,080,000	10,342,314	3,243,000	3,657,929	226,345	22,184,899

	JVs			**Associates**			
	PDC 2023	**SIPC 2023**	**SIDC 2023**	**SPS 2023**	**DLLIC 2023**	**DILC 2023**	**Total 2023**
31 December 2023							
Current assets	**18,677,564**	**25,797,000**	**23,254,000**	**36,473,000**	**592,276**	**1,881,030**	**106,674,870**
Non-current assets	**16,221,666**	**39,011,000**	**73,166,000**	**86,600,000**	**7,538,466**	**3,038,261**	**225,575,393**
Current liabilities	**(15,575,531)**	**(28,370,903)**	**(10,579,964)**	**(30,518,585)**	**(28,396)**	**(214,042)**	**(85,287,421)**
Non-current liabilities	**(2,556,978)**	**(21,426,000)**	**(15,269,000)**	**(15,650,000)**	**(2,632,173)**	**-**	**(57,534,151)**
Net assets	**16,766,721**	**15,011,097**	**70,571,036**	**76,904,415**	**5,470,173**	**4,705,249**	**189,428,691**
Share of revenue and profit:							
Revenue [1]	**13,429,224**	**30,467,000**	**23,392,000**	**68,578,000**	**456,994**	**962,002**	**137,285,220**
Profit [1]	**5,186,586**	**1,080,000**	**11,344,000**	**2,804,000**	**746,505**	**85,095**	**21,246,186**

(1) For the year ended 31 December 2023 and 2022, estimated by the JVs and associates.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11 Investments in joint ventures and associates (continued)

Summarised financial information for joint ventures (continued)

Set out below is the summarised financial information of the indirect joint ventures which are accounted for using the equity method as at 31 December 2023.

Summarised statement of financial position:

	ENERGY RO	LIWA RO	RAYSUT RO	AL-MUSANAH RO	DUQM RO	HAIMA RO	TOTAL RO
ASSETS							
Non-current assets	10,785,725	-	8,694,936	14,963,609	-	8,534,257	42,978,527
Current assets	3,990,784	2,353,961	965,755	3,819,530	11,611,702	607,096	23,348,828
Total assets	14,776,509	2,353,961	9,660,691	18,783,139	11,611,702	9,141,353	66,327,355
EQUITY AND LIABILITIES							
Total equity	11,588,888	1,318,574	9,016,770	6,211,675	11,609,007	8,737,365	48,482,279
LIABILITIES							
Non-current liability	-	-	-	-	-	-	-
Current liabilities	3,187,621	1,035,387	643,921	12,571,464	2,695	403,988	17,845,076
Total liabilities	3,187,621	1,035,387	643,921	12,571,464	2,695	403,988	17,845,076
Total equity and liabilities	14,776,509	2,353,961	9,660,691	18,783,139	11,611,702	9,141,353	66,327,355

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11 Investments in joint ventures (continued)

Summarised financial information for joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income:

	ENERGY	LIWA	RAYSUT	AL-MUSANAH	DUQM	HAIMA	TOTAL
	RO	RO	RO	RO	RO	RO	RO
Charter hire	4,918,375	10,114,574	2,641,870	4,454,643	-	2,698,080	24,827,542
Operating costs	(3,997,819)	(9,865,596)	(2,238,380)	(3,506,159)	(13,847)	(2,428,561)	(22,050,362)
Operating profit/(loss)	920,556	248,978	403,490	948,484	(13,847)	269,519	2,777,180
Other non-operation expenses	-	(152)	(2,358)	(16,299)	(26,807)	(2,349)	(47,965)
Interest expense	(664)	-	(72,436)	(938,960)	-	(75,414)	(1,087,474)
Finance income	55,462	121	117	312	297,405	65	353,482
Net profit/(loss)	975,354	248,947	328,813	(6,464)	256,751	191,821	1,995,223

Reconciliation of summarised financial information:

	ENERGY	LIWA	RAYSUT	AL-MUSANAH	DUQM	HAIMA	TOTAL
	RO	RO	RO	RO	RO	RO	RO
Opening net assets 1 January	15,233,532	1,039,316	8,687,959	6,218,140	11,352,255	8,545,548	51,076,750
Profit/(loss) for the year	975,354	248,947	328,813	(6,464)	256,751	191,821	1,995,223
Dividend received during the year	(4,620,000)	-	-	-	-	-	(4,620,000)
At 31 December	11,588,886	1,288,263	9,016,772	6,211,677	11,609,006	8,737,369	48,451,973
Investment in joint ventures	50%	50%	50%	50%	50%	50%	
Book value of investment	5,794,443	644,131	4,508,386	3,105,838	5,804,503	4,368,685	24,225,986
Fair value adjustment	2,741,045	1,786,583	(1,360,411)	(1,051,718)	(3,729,524)	(873,149)	(2,487,174)
Carrying value of investment	8,535,488	2,430,714	3,147,975	2,054,120	2,074,979	3,495,536	21,738,812

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11 Investments in joint ventures and associates (continued)

Summarised financial information for joint ventures (continued)

Set out below is the summarised financial information of the indirect joint ventures which are accounted for using the equity method as at 31 December 2022.

Summarised statement of financial position:

	ENERGY RO	LIWA RO	RAYSUT RO	AL-MUSANAH RO	DUQM RO	HAIMA RO	TOTAL RO
ASSETS							
Non-current assets	12,577,950	-	9,878,398	17,023,452	40	9,844,859	49,324,699
Current assets	5,725,206	3,672,158	1,279,441	2,964,957	11,513,084	666,583	25,821,429
Total assets	18,303,156	3,672,158	11,157,839	19,988,409	11,513,124	10,511,442	75,146,128
EQUITY AND LIABILITIES							
Total equity	15,233,533	1,039,317	8,687,958	6,218,139	11,352,256	8,545,544	51,076,747
LIABILITIES							
Non-current liability	-	-	376,790	12,304,600	-	374,756	13,056,146
Current liabilities	3,069,623	2,632,841	2,093,091	1,465,670	160,868	1,591,142	11,013,235
Total liabilities	3,069,623	2,632,841	2,469,881	13,770,270	160,868	1,965,898	24,069,381
Total equity and liabilities	18,303,156	3,672,158	11,157,839	19,988,409	11,513,124	10,511,442	75,146,128

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11 Investments in joint ventures (continued)

Summarised financial information for joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income:

	ENERGY	LIWA	RAYSUT	AL-MUSANAH	DUQM	HAIMA	TOTAL
	RO	RO	RO	RO	RO	RO	RO
Charter hire	6,442,531	11,183,140	2,866,710	3,892,543	1,822,666	3,189,918	29,397,508
Operating costs	(6,190,582)	(14,693,706)	(2,006,065)	(3,387,128)	(1,707,510)	(2,173,605)	(30,158,596)
Operating profit/(loss)	251,949	(3,510,566)	860,645	505,415	115,156	1,016,313	(761,088)
Other non-operation expenses	(8,389,126)	(165,212)	(2,355)	(16,283)	(3,579,794)	24,992	(12,127,778)
Interest expense	(48,048)	-	(68,983)	(490,971)	(37,439)	(68,763)	(714,204)
Finance income	47,432	296	89	304	358	125	48,604
Net profit/(loss)	(8,137,793)	(3,675,482)	789,396	(1,535)	(3,501,719)	972,667	(13,554,466)

Reconciliation of summarised financial information:

	ENERGY	LIWA	RAYSUT	AL-MUSANAH	DUQM	HAIMA	TOTAL
	RO	RO	RO	RO	RO	RO	RO
Opening net assets 1 January	25,372,993	4,714,799	7,898,562	6,219,676	14,853,975	7,572,880	66,632,885
Profit/(loss) for the year	(8,137,793)	(3,675,483)	789,397	(1,536)	(3,501,720)	972,668	(13,554,467)
Fair value adjustment	38,832	-	-	-	-	-	38,832
Dividend received during the year	(2,040,500)	-	-	-	-	-	(2,040,500)
At 31 December	15,233,532	1,039,316	8,687,959	6,218,140	11,352,255	8,545,548	51,076,750
Investment in joint ventures	50%	50%	50%	50%	50%	50%	
Book value of investment	7,616,766	519,658	4,343,980	3,109,070	5,676,127	4,272,774	25,538,375
Fair value adjustment	2,670,688	1,786,583	(1,360,411)	(1,051,718)	(3,601,286)	(873,149)	(2,429,293)
Carrying value of investment	10,287,454	2,306,241	2,983,569	2,057,352	2,074,841	3,399,625	23,109,082

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

12 Revenue from contracts with customers

12.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following major product lines and geographical regions. Breakup of total revenue is disclosed in note 27:

31 December 2023	**Freight and lease income RO**	**Ship conversion & repair RO**	**Bus, postal and ferry services RO**	**Others RO**	**Total RO**
Timing of revenue recognition					
- At a point in time	**1,220,533**	**-**	**15,308,843**	**14,264,470**	**30,793,846**
- Over time	**234,248,205**	**63,356,981**	**2,887,223**	**3,801,228**	**304,293,637**
	235,468,738	**63,356,981**	**18,196,066**	**18,065,698**	**335,087,483**

31 December 2022	Freight and lease income RO	Ship conversion & repair RO	Bus, postal and ferry services RO	Others RO	Total RO
Timing of revenue recognition					
- At a point in time	1,172,054	-	9,854,470	13,938,450	24,964,974
- Over time	283,043,575	61,368,373	3,850,426	5,536,043	353,798,417
	284,215,629	61,368,373	13,704,896	19,474,493	378,763,391

12.2 Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2023 RO	2022 RO
Contract assets relating to:		
- Voyage charter contracts	**2,386,634**	8,342,512
- Ship conversion & repair contracts	**8,927,225**	10,538,552
- Advertisement contracts	**14,407**	13,336
- Project management contracts	**316,769**	334,331
Total current contract assets (note 13(d))	**11,645,035**	19,228,731

	2023 RO	2022 RO
Contract liabilities relating to:		
- Voyage charter contracts	**12,716,920**	2,980,487
- Post box contracts	**-**	753,277
- Project management contracts	**-**	144,555
Total current contract liabilities (note 25)	**12,716,920**	3,878,319

12 Revenue from contracts with customers (continued)

12.2 Assets and liabilities related to contracts with customers (continued)

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	2023 RO	2022 RO
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
- Voyage charter contracts	**2,980,487**	1,876,504

(ii) Assets recognised from costs to fulfil a contract

Asset recognised from costs incurred to fulfil a contract (note 16)	**2,680,776**	2,000,508

(iii) Unsatisfied long-term consulting contracts

There was no revenue recognised in the current reporting period that relates to carried-forward contract liabilities and there were no unsatisfied performance obligations in prior year.

12.3 Contracts with customers

Information about the Group's contracts are summarised below:

(i) Freight services

Contract for a voyage charter consists of a single performance obligation to provide the charterer with an integrated transportation service within a specified time period. The contract meets the criteria to recognize revenue over time because the charterer simultaneously receives and consumes the benefits of the Group's performance as the Group performs.

The Group uses input method to measure the Group's progress towards complete satisfaction of performance obligations satisfied over time. The input method requires the group to recognise revenue rateably over the estimated length of each voyage, calculated on a load-to-discharge basis. The revenue is recognised from the point of disconnection of hoses at the load port to the point of disconnection of hoses at the discharge port. The selected output method depicts the Group's performance towards complete satisfaction of the performance obligations since the duration of voyage can be estimated reasonably and it corresponds directly with the value to the customer of Group's performance completed to date. The Group has not disclosed the transaction price allocated to the remaining performance obligation since the voyage contracts are originally expected to have a duration of one year or less.

Invoicing is as per transaction price (freight rate) agreed to in the contract. The payment terms are for less than a month and accordingly, the transaction price does not contain any significant financing component. Variable consideration which includes demurrage/dispatch, speed bunker differentials, storage revenue is included in transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Accumulated experience is used to estimate variable consideration using the expected value method.

12 Revenue from contracts with customers (continued)

12.3 Contracts with customers (continued)

(i) *Freight services* (continued)

The Group recognise a contract asset for services provided over time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer, which is generally raised upon complete satisfaction of performance obligation. The payment is due within 3 to 5 days from the date of invoice, Advances received are included in contract liabilities. Discounts are not considered as they are only given in rare circumstances and are never material.

Voyage expenses are capitalized between the previous discharge port, or contract date if later, and the next load port if they qualify as fulfilment costs under IFRS 15. The Group does not commence capitalisation of voyage expenses until a voyage charter has been agreed to by both the Group and the customer, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage. To recognize costs incurred to fulfil a contract as an asset, the following criteria shall be met: (i) the costs relate directly to the contract, (ii) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and (iii) the costs are expected to be recovered. These costs are amortized between load port and discharge port since it is consistent with the transfer to the customer of the services.

(ii) *Operation and maintenance services of leased vessels*

The time charter agreements entered into by the Group include a service element relating to operation and maintenance of leased vessels (i.e. crew services and repairs-maintenance services). The performance obligation relating to such service element is satisfied overtime since the customer simultaneously receives and consumes the benefits of the Group's performance as the Group performs.

Revenue for the services is recognised for the amount to which the Group has right to invoice for the period, since the invoice amount corresponds directly with the value to the customer of the entity's performance completed to date. Receivable from the customer is booked at the same time when the consideration is unconditional, because only the passage of time is required before the payment is due. The invoice is raised on a monthly basis and is payable within 3 to 5 days from the date of receipt of invoice by the customer. The Group does not adjust the transaction price for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the relevant industry practice.

The transaction price is allocated based on management estimated stand-alone selling price at contract inception based on observable prices of the type of services likely to be rendered in similar circumstances to similar customers. Discounts are not considered as they are only given in rare circumstances and are never material. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(iii) *Vessel management services*

The Group provides crew management and ship maintenance management services to vessels chartered by the Group. The contracts gives rise to a single performance obligations namely vessel management services. The performance obligation relating to such service is satisfied overtime since the customer simultaneously receives and consumes the benefits of the Group's performance as the Group performs.

Revenue for the services is recognised for the amount to which the Group has right to invoice for the period, since the invoice amount corresponds directly with the value to the customer of the entity's performance completed to date. Receivable from the customer is booked at the same time when the consideration is unconditional, because only the passage of time is required before the payment is due. The invoice is raised on a monthly basis and is payable within 3 to 5 days from the date of receipt of invoice by the customer. The Group does not adjust the transaction price for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the relevant industry practice.

12 Revenue from contracts with customers (continued)

12.3 Contracts with customers (continued)

(iii) Vessel management services (continued)

The transaction price is based on the service fee defined in the contract. Discounts are not considered as they are only given in rare circumstances and are never material. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(iv) Ship conversion and repair services

The Group provides ship conversion and repairs services under contracts with customers. Such contracts are entered before the services are rendered. However, such contracts usually do not extend beyond 2 months, except for some high value projects (more than US$ 3 million). The performance obligation is satisfied over time and payment is generally due upon completion of the service and acceptance of customer. In some contracts, short-term advances are required before the service is provided.

Revenue is recognised over time based on the cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

The Group becomes entitled to invoice customers for ship conversion and repair services based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in these contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year. A normal discount is given based on the contract and it applies on gross value of the full project.

(v) Bus and ferry transportation services

The Group provides bus and ferry transportation services. The performance obligation is satisfied when the customer commences the journey and the payment is generally collected before the commencement of journey, with the exception of certain corporates and government owned entities, where the invoice is raised monthly or during journey and the payment is due within 30 to 60 days from the date of invoice.

For certain long-term bus transportation service contracts, the performance obligation is satisfied over time and the payment is due within 30 to 60 days from the date of invoice, which is generally raised monthly. Revenue from providing services is recognised in the accounting period in which the services are rendered. As these are typically fixed list prices, therefore, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. The Group recognise a contract asset for services provided over time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Advances received are included in contract liabilities. Discounts are not considered as they are only given in rare circumstances and are never material.

12 Revenue from contracts with customers (continued)

12.3 Contracts with customers (continued)

(vi) Advertisement services

The bus transportation division of the Group entered into certain advertisement contracts, which include multiple performance obligations. Where the contracts include multiple performance obligations, such as naming rights for bus stops, bus stop poles, bus screens and tickets. The transaction price is allocated to each performance obligation based on the commercial team's pricing strategy for each individual service item. Revenue for the services is recognised over time, in the accounting period, in which the relevant performance obligation is satisfied, based on the allocated transaction price. The payment is due within 30 to 60 days from the date of invoice. Amounts received in advance before the completion of performance obligation are recognised as contract liabilities.

(vii) Postal related services

The postal services division of the Group provides mail delivery, post box and document collection services. These services are generally provided as per the fixed list price for each relevant service. Performance obligations relating to post box rentals and collection and delivery of bags are satisfied over time and the payment is due within 30 days from the date of invoice. Discounts and rebates are generally not considered as part of transaction price as they are only given in rare circumstances as bulk volume discounts on monthly basis and are recognised in the invoices when incurred.

Performance obligations relating to stamps, prepaid postage, terminal dues, express mail service, parcels, sale and collection of forms, and collection of delivery fee are satisfied at a point of time when the mail is dispatched to the customer and the revenue is also recognized at the time of service. The payment for these services is generally collected in cash up front, however, in the case of certain corporate customers the invoices are raised on a monthly basis and the payment becomes due within 30 days from the date of invoice, except for settlement of terminal dues where the payments are settled as per the universal postal service guidance which allows a settlement period beyond one year. As this arrangement is according to international practice, this transaction is not considered to have any financing component. Discounts and rebates are generally not considered as part of transaction price they are only given in rare circumstances as bulk volume discounts on a monthly basis and are recognised in the invoices when incurred.

Amounts received in advance before the completion of performance obligation are recognised as contract liabilities.

13 Financial assets at amortised cost

The Group holds the following financial assets at amortised cost:

	2023 RO	2022 RO
Receivables under finance lease arrangements - note 13(a)	**131,053,407**	138,060,094
Loans receivable - note 13(b)	**7,632,419**	7,775,558
Trade receivables - note 13(c)	**34,326,637**	38,148,372
Other financial assets at amortised cost - note 13(d)	**32,814,217**	48,694,685
Bank balances and cash - note 13(f)	**268,482,574**	200,155,692
	474,309,254	432,834,401

13(a) Receivables under finance lease arrangements

Four of ASC's subsidiaries entered into 20 years lease arrangements for VLOCs with a third party (lessee). The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not retain the significant risks and rewards of ownership of these VLOCs and therefore has accounted the time charter party agreements as finance lease arrangements. Considering the specific nature of these vessels, the Group does not expect that the lessee will exercise the extension or early termination options.

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FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

13 Financial assets at amortised cost (continued)

13(a) Receivables under finance lease arrangements (continued)

	2023 RO	2022 RO
Non-current portion	**123,427,086**	131,218,334
Current portion	**7,803,261**	6,978,416
Less: Expected credit loss allowance	**(176,940)**	(136,656)
	7,626,321	6,841,760

Future minimum lease receivables under finance lease together with the present value of the minimum lease receivables are as follows:

	2023 RO	2022 RO
Finance lease receivable		
- Current	**7,626,321**	6,841,760
- Non-current	**123,427,086**	131,218,334
Total finance lease receivable	**131,053,407**	138,060,094
Undiscounted lease payments to be received		
1 year	**24,240,910**	23,871,093
2 years	**23,383,440**	24,240,910
3 years	**23,500,333**	23,383,440
4 years	**23,855,015**	23,500,333
5 years	**23,001,718**	23,855,015
> 5 years	**107,317,400**	130,363,122
	225,298,816	249,213,913
Less: unearned finance income	**(94,245,409)**	(111,153,819)
	131,053,407	138,060,094

The loss allowance for receivables under finance lease arrangements was RO 176,940 as at 31 December 2023 (2022 - RO 136,656). The receivable under finance lease arrangements is from a reputable organisation, which is considered to be one of the largest ore producers in the world and therefore considered to be of good credit standing. Further, there are no past due finance lease receivables. As of 31 December 2023, as per Moody's the long-term credit rating of the organisation was BBB (2022 - Baa3).

During 2023, the Group recognised interest income on lease receivables of RO 16.96 million (2022: RO 17.79 million).

13(b) Loans receivable

	2023 RO	2022 RO
Loans to joint ventures	**5,663,571**	5,663,571
Loan to OJV3 (note 14)	**1,993,637**	2,136,776
	7,657,208	7,800,347
Less: Expected credit loss allowance	**(24,789)**	(24,789)
	7,632,419	7,775,558
Less: classified as non-current	**(7,632,419)**	(7,775,558)
Current portion of loans receivable	**-**	-

(i) The loss allowance for loans receivables was RO 24,789 as at 31 December 2023 (2022 - 24,789).

13 Financial assets at amortised cost (continued)

13(b) Loans receivable (continued)

(ii) Loans provided to Al Musanah Maritime Transportation Company S.A., a joint venture, carries an effective annual interest rate of SOFR plus 2.0% (2022 - LIBOR plus 2.0%).
(iii) The Group has granted a loan to OJV3 denominated in Japanese Yen amounting to RO 1,993,637 (2022 - RO 2,136,776), which carry an interest rate of 4% (2022– 4%). The loan receivables also include accrued an interest of RO 3,722 as of the reporting date.
(iv) None of the loans receivables from related parties are past due or carry specific provision as at 31 December 2023 or 31 December 2022.

13(c) Trade receivables

	2023 RO	2022 RO
Trade receivables	**47,289,681**	49,074,718
Less: loss allowance	**(12,963,044)**	(10,926,346)
	34,326,637	38,148,372

(i) Due to the short-term nature of the current receivables, their carrying amount approximates their fair value.

(ii) Of the total carrying amount of provision, RO 8,344,777 pertains to expected credit loss (2022 – RO 7,354,033), and the balance amount of RO 4,618,267 pertains to specific receivables arising from contracts with customers (2022 – RO 3,572,313).

13(d) Other financial assets at amortised cost

	2023 RO	2022 RO
Subsidy receivable (note 20)	**-**	12,023,338
Other receivables	**21,016,951**	15,911,189
Receivables due from related parties	**3,443,992**	2,428,727
Contract assets (accrued income) (note 12.2)	**11,645,035**	19,228,731
Less: loss allowance - other receivables	**(3,200,093)**	(642,125)
Less: loss allowance - contract assets	**(91,668)**	(194,741)
Less: loss allowance - Other financial assets at amortised cost	**-**	(60,434)
	32,814,217	48,694,685

13(e) Impairment of trade receivables and other financial assets at amortised cost

All of the Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group holds the vessels underlying the time charter contracts for finance lease receivables as collateral against the finance lease receivables which has been factored in the loss given default. Management considers 'low credit risk' for entities based on its significant increase in credit risk criteria. The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria: A ratings downgrade by two notches for rated entities.

Qualitative criteria: Other instruments from unrated entities are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.
Backstop: A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments (except for government entities).

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13 Financial assets at amortised cost (continued)

13(e) Impairment of trade receivables and other financial assets at amortised cost (continued)

The closing loss allowances for trade receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

	Trade receivables	
	2023	2022
	RO	RO
At 1 January	**10,926,346**	9,509,179
Increase in loan loss allowance recognised in profit or loss during the year	**2,964,122**	2,551,871
Unused amount reversed	**(927,424)**	(1,134,704)
At 31 December	**12,963,044**	10,926,346

	2023	2022
	RO	RO
Net movement in provisions during the year on:		
- Trade receivables	**2,036,698**	1,417,167
- Contract assets	**(103,073)**	59,336
- Other receivables	**2,557,968**	642,125
- Loans receivable	**-**	(379)
- Receivables under finance lease arrangements	**40,284**	(45,158)
- Other financial assets at amortised cost	**(60,434)**	35,188
Net (reversal)/provision for impairment losses on financial and contract assets	**4,471,443**	2,108,279

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 2 years past due. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered industry default rate forecasts issued by an external rating agency to incorporate forward-looking factor in its impairment assessment. The default rate forecasts issued by external agency are based on historic default rates for the industry and is adjusted for forward-looking macro-economic information (e.g., economic data from industry groups, associations or bodies).

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

13 Financial assets at amortised cost (continued)

13(e) Impairment of trade receivables and other financial assets at amortised cost (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables:

31 December 2023	**0-120 days**	**121 -180 Days**	**181-240 Days**	**241- 300 days**	**301-360 days**	**361 and over**	**Total**
Gross carrying amount (RO)							
Trade receivables	**22,493,720**	**5,070,908**	**3,192,056**	**2,298,081**	**1,916,001**	**12,318,915**	**47,289,681**
Expected loss rate (%)	**0.44**	**2.30**	**4.03**	**28.21**	**29.28**	**92.62**	**27.41**
Loss allowance	**99,048**	**116,745**	**128,506**	**648,348**	**560,919**	**11,409,478**	**12,963,044**

31 December 2022	0-120 days	121 -180 Days	181-240 Days	241- 300 days	301-360 days	361 and over	Total
Gross carrying amount (RO)							
Trade receivables	25,790,300	5,369,430	3,298,418	1,790,397	1,712,035	11,114,138	49,074,718
Expected loss rate (%)	1.89	6.85	8.53	14.77	59.03	76.61	22.26
Loss allowance	487,927	367,719	281,307	264,492	1,010,580	8,514,321	10,926,346

13 Financial assets at amortised cost (continued)

13(f) Bank balances and cash

Cash and cash equivalents include the following for the purpose of the consolidated statement of the cash flows:

	2023	2022
	RO	RO
Cash and bank balances	**93,739,783**	87,725,923
Short term bank deposits - (i)	**82,325,000**	70,229,769
Long term bank deposits – (i)	**92,417,791**	42,200,000
Total cash and bank balances	**268,482,574**	200,155,692
Less: classified as non-current (bank deposits)	**(92,417,791)**	(42,200,000)
Current portion of cash and bank balances	**176,064,783**	157,955,692
Less: Short term bank deposits (more than 3 months) - (i)	**(70,775,000)**	(70,229,769)
Less: Margin deposits (restricted cash) - (ii)	**(16,018,602)**	(19,145,862)
Cash and cash equivalents	**89,271,181**	68,580,061
Less: Bank overdraft (note 19)	**(8,235,113)**	(39,676)
Cash and cash equivalents in consolidated cash flow statement (iii)	**81,036,068**	68,540,385

(i) These deposits are held with commercial banks in Sultanate of Oman. These deposits carry annual interest rates ranging between 5.00% to 5.90% (2022 - 4.00% to 5.70%). Fixed deposits also include accrued interest amounting to RO 1,744,892 (2022: RO 642,849).

(ii) Certain subsidiaries are required to maintain service deposit balances to comply with the requirement of loans held with commercial banks in Sultanate of Oman, Japan and Europe. As of 31 December 2023, the balances in these service deposit accounts are denominated in US Dollars and amounted to RO 19,145,862 (2022 - RO 19,145,862).

(iii) Cash and cash equivalents at year end comprise cash and cash equivalents of RO 89,271,181 (2022 – 68,580,061) and bank overdrafts of RO 8,235,113 (2022 – 39,676).

The loss allowance for bank balances and cash as at 31 December 2023 and 31 December 2022 was not considered to be material and therefore not recognised in the consolidated financial statements at the reporting date.

Reconciliation of liabilities arising from financing activities

	2022	**Cash in flows**	**Cash out flows**	**Non-cash Item**	**2023**
	RO	**RO**	**RO**	**RO**	**RO**
Interest bearing loans and borrowings (note 19)	662,318,852	**74,176,202**	**(141,987,696)**	**807,343**	**595,314,701**
Deferred finance cost (note 19)	(2,781,824)	**-**	**-**	**871,075**	**(1,910,749)**
Lease liabilities (note 19)	104,156,434	**347,708**	**(70,574,173)**	**139,979,567**	**173,909,536**
Bank overdraft (note 19)	39,676	**8,235,113**	**(39,676)**	**-**	**8,235,113**
Liabilities arising from financing activities	763,733,138	**82,759,023**	**(212,601,545)**	**141,657,985**	**775,548,601**

Cash flows from financing activities include dividends paid during the year amounting to RO 4,158,000 (2022 - RO 3,980,900) which do not have any corresponding liability in the statement of financial position at the reporting date.

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13 Financial assets at amortised cost (continued)

13(f) Bank balances and cash (continued)

Below is the summary of gross carrying amount by bank rating:

Moody's rating	2023 RO	2022 RO
P-1	**39,002,868**	57,152,587
P-2	**296,587**	3,135,665
P-3	**538**	538
NP	**101,965,009**	119,024,573
Unrated	**126,495,664**	19,998,646
Total bank balance	**267,760,666**	199,312,009
Cash in hand	**721,908**	843,683
Total cash and bank balance	**268,482,574**	200,155,692

The stated rating is as per the global bank ratings by Moody's Investors Service. Although certain banks were unrated or not prime, management does not foresee any credit risk.

Net debt	2023 RO	2022 RO
Cash and cash equivalents	**89,271,181**	68,580,061
Margin and other deposits	**86,793,602**	89,375,631
Lease liabilities - repayable within one year	**(87,268,060)**	(34,576,880)
Lease liabilities - repayable after one year	**(86,641,476)**	(69,579,554)
Long term loan - repayable within one year	**(121,900,341)**	(95,011,726)
Long term loan - repayable after one year	**(481,649,473)**	(567,346,802)
Net debt	**(601,394,567)**	(608,559,270)
Cash and cash equivalents	**89,271,181**	68,580,061
Margin and other deposits	**86,793,602**	89,375,631
Gross debt	**(777,459,350)**	(766,514,962)
Net debt	**(601,394,567)**	(608,559,270)

14 Financial assets at fair value through other comprehensive income

	2023 RO	2022 RO
At 1 January	**3,008**	3,008
Write off	**(2,907)**	-
At 31 December	**101**	3,008

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

At 31 December 2023 and 31 December 2022, the FVOCI financial assets consists of unquoted shares amounting to RO 3,008. The Group has a 40% preference share holding in OJV Cayman 3 Limited (OJV3) amounting to RO 2,907, which was written off during the year. The loss allowance for financial assets at fair value through other comprehensive income as at 31 December 2023 and 31 December 2022 was not considered to be material and therefore not recognised in the consolidated financial statements at the reporting date.

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15 Inventories

	2023 RO	2022 RO
Raw materials and spare parts	**9,925,115**	10,082,244
Provision for obsolete inventory	**(397,212)**	(467,939)
	9,527,903	9,614,305
Bunkers	**5,951,668**	12,199,762
Fuel	**3,657,716**	159,339
	19,137,287	21,973,406

Movement in provision for obsolete inventory

	2023 RO	2022 RO
As at 1 January	**(467,939)**	(468,440)
Provision for impairment recognised during the year	**-**	501
Write-offs	**70,727**	-
As at 31 December	**(397,212)**	(467,939)

16 Other assets

	2023 RO	2022 RO
Accrued lease rental income (i)	**13,040,687**	12,839,607
Prepayments and advances	**19,170,657**	23,131,030
Contract asset relating to costs incurred to fulfil a contract (note 12.2)	**2,680,776**	2,000,508
	34,892,120	37,971,145
Less: classified as non-current other assets	**(13,040,687)**	(12,839,607)
	21,851,433	25,131,538

(i) Accrued lease rental income represents the amount due on account of recognition of operating lease rental income on a straight-line basis in accordance with the requirements of IFRS 16 ‘Leases’ (2022 - IFRS 16 ‘Leases’).

17 Share capital

	The Parent Company			
	Authorized share capital		Issued and fully paid	
	2023 RO	2022 RO	2023 RO	2022 RO
Shares of RO 1 each	**350,000,000**	350,000,000	**337,463,178**	337,463,178

Movement in share capital

	2023 RO	2022 RO
As at 1 January and 31 December	**337,463,178**	337,463,178

Share capital pending registration

	2023 RO	2022 RO
As at 1 January and 31 December	**114,600,706**	114,600,706

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18 Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, the Parent Company and its subsidiaries, incorporated in the Sultanate of Oman, are required to transfer 10% of their profit for the year to this reserve until such time as the statutory reserve amounts to at least one third of the respective company's registered share capital. The reserve is not available for distribution. The Parent Company incurred losses upto 31 December 2023, therefore, no transfer was made in prior years.

The balance at the end of the year represents amounts relating to the Company and its share of reserves of each of its two Omani subsidiaries below:

	2023 RO	2022 RO
Relating to the Parent Company	**8,318,094**	4,357,840
Relating to the subsidiaries	**8,491,830**	7,810,690
	16,809,924	12,168,530

These consolidated financial statements do not include the pre-acquisition legal reserve of RO 6,301,931 (2022 – RO 5,957,790) relating to its subsidiaries.

19 Interest bearing loans and borrowings

	2023 RO	2022 RO
Term loans (i) and (ii)	**595,314,701**	662,318,852
Bank overdrafts	**8,235,113**	39,676
Lease liabilities (iii)	**173,909,536**	104,156,434
	777,459,350	766,514,962
Less: Deferred financing costs	**(1,910,749)**	(2,781,824)
	775,548,601	763,733,138
Current portion of the above liabilities		
Term loans	**113,665,228**	94,972,050
Bank overdrafts	**8,235,113**	39,676
Lease liabilities	**87,511,688**	34,576,880
Total current portion of interest bearing loans and borrowings	**209,412,029**	129,588,606
Non-current portion of interest bearing loans and borrowings	**566,136,572**	634,144,532

(i) Term loans taken by ASC are denominated in USD and RO and are repayable in installments of several denominations from quarterly to semi-annual repayments.

The loans are secured against the vessels of the Group having carrying value of RO 339,799,712 (2022 – RO 427,267,933) that are assigned to the banks. The loans carry interest at variable rates based on SOFR with margins ranging from 1.7% to 4.35% per annum (2022: LIBOR 1.7% to 2.8%)

The loan agreements contain certain restrictive covenants that include net debt, current ratio, tangible net worth, debt service, debt equity ratio, pattern of shareholding, payment of dividends, disposal of vessel, amendment to time charter party agreement and creation of charge over authorised security.

ASC's loans from commercial banks are denominated in US Dollars, guaranteed by MOF to the extent of USD 560 million (RO 215.6 million) [2022 – USD 560 million (RO 215.6 million)]. Term loans also include accrued interest amounting to RO 4,863,191 (2022: RO 4,055,850).

In order to manage the interest rate risk, the Group has entered into certain interest rate hedging agreements, the details of which are set out in note 22. Loan instalments and obligations under finance leases due within one year are disclosed under current liabilities.

19 Interest bearing loans and borrowings (continued)

(ii) In addition to above mentioned ASC loans, the Group companies also have the following loans and facilities:

(a) ASYAD has entered into 8 years loan facility agreement with National Bank of Oman SAOG for RO 20 million with 12 months moratorium period from the date of the first drawdown. The loan matures on 31 December 2027. The loan is repayable in semi-annually instalments with a balloon payment of 28% of the loan at the end of the tenure. The facility attracts interest rate of 3 months SOFR plus 3.75% per annum (2022 - 3 months LIBOR plus 3.75% per annum) payable on quarterly basis. The loan is unsecured, however, contain certain restrictive covenants that includes debt service and pattern of shareholding.

(b) ASYAD has a unsecured revolving credit facilities of RO 5 million (2022 – 2 unsecured revolving credit facilities of RO 7 million and RO 5 million) which has of 1 year FD rate + 1% per annum (2022 - fixed interest rate of 4.55% and 3.50% per annum respectively).

(c) ASYAD has 3 unsecured working capital facilities (WCF), WCF 1 of RO 15 million carrying profit rate of 5.25% per annum for 90 days tenor and 5.75% per annum for 180 days tenor. WCF 2 of RO 7.7 million carrying fixed rate of 5.5%. WCF 3 of RO 19.250 million has variable interest rate of 3 months SOFR plus 3.75% per annum (2022 – 2 unsecured working capital facilities of RO 7.7 million each and 1 unsecured working capital facilities of RO 19.250 million (2022 – 2 working capital facilities of RO 7.7 million each), out of the 3 facilities 2 facility have a fixed interest rate of 4.00% and 4.50% per annum and the other one has variable interest rate of 3 months LIBOR plus 3.00% per annum).

(d) ADC's loan is obtained from commercial bank based in Oman. The loan carries a fixed rate of 6.5% and is repayable in 60 installments commencing from November 2017 to November 2032 and the loan is secured through sovereign guarantee issued by the Government of the Sultanate of Oman to cover the principal and interest payments of the loan.

(e) On 27 December 2016, SFZ entered into a Loan facility agreement with Bank Dhofar SAOG (Term loan 1) for RO 21.700 million for completion of the existing projects. The loan is repayable in 16 half yearly instalments. The principal amount of this loan is guaranteed by Ministry of Finance, Sultanate of Oman. The loan carries fixed interest rate of 5.25% (2022 – 5.25%). The loan matures on 30 September 2026.

(f) On 13 May 2018, SFZ entered into a Loan facility agreement with Qatar National Bank (QSPC) (Term loan 2), for term loan facility of OMR 24 million for development of infrastructure. Out of the total loan facility, RO 13.104 million (2022 – RO 13.104 million) has been drawn down. The loan is repayable in half yearly instalments starting from 2021. The principal and interest amount of this loan is to be paid by SFZ on due dates as per the repayment schedule. The principal amount of the loan is guaranteed by Ministry of Finance, Sultanate of Oman. The loan matures on 31 October 2028. This loan carries floating interest rates based on Oman one-year fixed deposit card rate + 1.5 Margin%).

(g) ONTC's loan taken is a USD Senior Term Loan carrying interest rate of 3-month SOFR plus 2.45% per annum (2022 - 3-month LIBOR plus 2.45% per annum), payable at the end of each 3 month interest period. The loan is repayable in 36 equal quarterly instalments commencing from 31 December 2019.

(h) AP's subsidiary Khazaen Dry Port Company LLC (KDP) has obtained long term loan at fixed interest rate of 5.75% (2022 – 5.75%) from commercial bank for construction of dry port facilities at Khazaen Economic City (KEC) for a period of 10 years. The term loan will be repayable in 40 quarterly installments commencing from 2023 onwards. The installments will be inclusive of profit payable on reducing facility balance. The loan is secured on the lease land, commercial charge over the asset of KDP and corporate guarantees from members.

(iii) On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2018.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19 Interest bearing loans and borrowings (continued)

The amount payable for the lease liabilities under right of use assets is as follows:

	2023		2022	
	Minimum payments RO	**Present value of payments RO**	Minimum payments RO	Present value of payments RO
Within one year	**92,532,529**	**87,268,060**	38,252,767	34,576,880
After one year but not more than five years	**87,739,266**	**78,466,131**	69,752,833	63,148,499
More than five years	**19,519,899**	**8,175,345**	13,674,964	6,431,055
Total minimum lease payments	**199,791,694**	**173,909,536**	121,680,564	104,156,434
Less: Amount representing finance charges	**(25,882,158)**	**-**	(17,524,130)	-
Present value of minimum lease payments	**173,909,536**	**173,909,536**	104,156,434	104,156,434
Less: Current portion of lease liabilities under right of use assets	**(87,268,060)**	**(87,268,060)**	(34,576,880)	(34,576,880)
Non-current portion of lease liabilities under right of use assets	**86,641,476**	**86,641,476**	69,579,554	69,579,554

These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's average incremental borrowing rate as at date of measurement which was 6.55% at the date of initial adoption.

Breach of loans covenants and the waivers

The specific loan agreements contain certain financial covenants which require that at testing date defined in the agreement. During the year ended 31 December 2022, the Group was in compliance with all loan covenants.

20 Government grants and subsidies

The operational subsidy and deferred government grant recognised in the statement of comprehensive income comprise the following:

	2023 RO	2022 RO
Operational subsidy	**24,328,592**	27,084,808
Deferred government grant transferred to statement of profit or loss	**1,330,922**	1,733,544
	25,659,514	28,818,352

The Group received subsidies to cover the excess of expenses over the income relating to public service operations. Where the amounts received are greater or lesser than the actual excess of expenses over income they are treated as subsidy received in advance or a subsidy receivable respectively.

The government grant includes the reimbursement of amounts paid to the civil service pension employees of OPC by MOF.

NFC received a grant for the excess of its expenses over income relating to ferries' operations. A Government tariff subsidy is given on certain sectors. The amount of the subsidy is recognised in profit or loss.

For ONTC the deferred government grant released to income represents the release of the Government grant over the useful lives of fleet assets and related equipment purchased specifically for the contract with Ministry of Education, the cost of which was granted by the Government.

20 Government grants and subsidies (continued)

The movements in deferred government grants as shown in the statement of financial position are as follows:

	2023	2022
	RO	RO
As at 1 January	**9,890,227**	5,054,186
Adjustment during the year	**65,821**	-
Received during the year	**241,366**	6,569,585
Amortised during the period	**(1,330,922)**	(1,733,544)
As at 31 December	**8,866,492**	9,890,227

The current and non-current portions of the deferred government grant are as follows:

	2023	2022
	RO	RO
Non-current portion of deferred government grant	**8,020,763**	8,210,409
Current portion of deferred government grant	**845,729**	1,679,818
	8,866,492	9,890,227

Operational subsidies are recognised in the statement of financial position as follows:

	2023	2022
	RO	RO
Subsidy receivable (note 13(d))	**-**	12,023,338
Subsidy received in advance (note 25)	**-**	-

21 Contingencies and commitments

The following table provides details of Group's contingencies and commitments and are primarily related to ASC, ADC, ONTC and SFZ:

	2023	2022
	RO	RO
Vessel	**155,185,800**	86,255,000
Letter of credit, bank guarantees and bonds	**1,022,996**	1,172,612
Other capital and purchase commitments	**415,420**	119,000

22 Derivative financial instruments

In accordance with the requirements of loan agreements with certain commercial banks and with a view to cap exposure to fluctuating interest rates, ASYAD and certain subsidiaries of the ASC group has entered into interest rate hedging agreements with commercial banks.

The table below shows the fair values of the derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturities. The notional amounts are the amounts of derivatives' underlying assets, reference rates or indices and are the basis upon which changes in the values of derivatives are measured.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

22 Derivative financial instruments (continued)

	2023 RO	2022 RO
Loan balances covered by hedging arrangements (note 4.1(a)(ii))	**112,546,454**	211,903,618
Negative fair value of derivatives - current portion	**-**	-
Negative fair value of derivatives – non-current portion	**17,899**	-
Positive fair value of derivatives – current portion	**(3,095,782)**	(5,821,035)
Positive fair value of derivatives – non-current portion	**(1,389,575)**	(6,377,830)
	(4,467,458)	(12,198,865)
Change in fair value of derivatives	**7,731,407**	(17,062,816)
Notional amounts by term to maturity (note 4.1(a)(ii))		
1 - 12 months	**37,725,001**	35,188,429
More than 1 up to 5 years	**67,915,516**	161,579,877
Over 5 years	**6,905,937**	15,135,312
	112,546,454	211,903,618

23 Provision for employees' end of service benefits

	2023 RO	2022 RO
1 January	**3,460,439**	3,314,199
Provision during the year (note 31)	**1,646,511**	1,612,005
Paid during the year	**(800,588)**	(1,254,034)
Adjustment during the year	**(21,465)**	(211,731)
31 December	**4,284,897**	3,460,439

24 Provisions

Non-current provisions

Unfavourable leases

Included in a number of subsidiaries are leases where the future economic benefits of the lease are less than the market value of the related asset based on observable market data. The table below shows the carrying value of unfavorable leases at the date of share transfer and at year-end.

	As at 1 January 2022 RO	Released during 2022 RO	As at 31 December 2022 RO	**Released during 2023 RO**	**As at 31 December 2023 RO**
ASC	4,108,860	(912,464)	3,196,396	**(912,464)**	**2,283,932**

24 Provisions (continued)

Current provisions

	2023 RO	2022 RO
Provision for staff legal claims (i)	**172,217**	172,217
Provision for acting allowance (ii)	**80,537**	80,537
Provision for settlement of JV claims (iii)	**24,189**	24,189
Provision for concession fee (iv)	**895,993**	566,833
31 December	**1,172,936**	843,776

(i) Staff legal claims provision relates to lawsuits filed by the current and ex-employees against OPC for which judgements have been awarded in favour of the employees by the primary courts. All the cases have been appealed by OPC in higher courts and are pending with the higher courts at various stages.

(ii) In accordance with OPC policy, staff are entitled for an acting allowance, the current provision covers expected claims up to 31 December 2023.

(iii) AP is expected to settle certain claims relating to its joint venture for which a provision has been made.

(iv) In 2020, AP verbally finalised the concession fee charge mechanism with the port owners and has been making a provision in this respect annually.

25 Trade and other payables

	2023 RO	2022 RO
Trade accounts payable	**24,222,636**	24,953,025
Accrued expenses	**29,709,488**	40,592,745
Advance from customers	**2,251,977**	2,386,202
Contract liabilities (unearned income) (note 12.2)	**12,716,920**	3,878,319
Amount due to a related party	**1,460,007**	1,847,589
Other payables	**17,031,808**	15,254,573
	87,392,836	88,912,453

26 Related parties

Related parties represent associate companies (notes 6 and 11), joint ventures (notes 6 and 11), subsidiary companies (note 6), Parent Company (note 1), directors and key management personnel of the Company and its shareholders and entities controlled, jointly controlled or significantly influenced by such parties (other related parties).

Transactions with related parties represent transactions with shareholders, directors and senior management of the Parent Company, and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The Group has applied the exemptions as allowed for 'Government entities' under IAS 24 – 'Related party disclosures', for disclosure of transactions and balances with another entity that is a related party because of the Government having control or jointly control of, or significant influence over, both the Group and the other entity, except for transactions and balances material to the Group.

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

26 Related parties (continued)

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

Compensation of key management personnel

The details regarding remuneration of members of key management throughout the Group and directors' sitting fees during the year are as follows:

	2023 RO	2022 RO
Key management remuneration	**4,415,459**	3,984,115
Directors' sitting fees	**315,188**	172,368
	4,730,647	4,156,483

At 31 December 2023 the related party balances are as follows:

	Loans and other receivables		Other payables and loans	
	2023 RO	2022 RO	**2023 RO**	2022 RO
Other related parties	**11,101,200**	10,063,303	**1,460,007**	1,847,589
Ultimate Parent Company	**-**	12,023,338	**-**	-
	11,101,200	22,086,641	**1,460,007**	1,847,589

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2023, the Group has not recorded any impairment provision against amounts due from related parties (2022 - Nil).

During the year, the nature of transactions with related parties are as follows:

	2023 RO	2022 RO
Share of results of joint ventures and associate (note 11)	**10,683,758**	2,822,064
Government subsidies and grants (note 20)	**25,659,514**	28,818,352
Dividends to non-controlling shareholders	**4,158,000**	3,980,900

27 Revenue

	2023 RO	2022 RO
Freight and lease income	**235,468,738**	284,215,629
Charter hire income	**129,530,103**	63,901,420
Ship conversion and repair	**63,356,981**	61,368,373
Bus related services	**6,694,782**	5,086,732
Postal related services	**10,379,084**	7,494,436
Free zone fees	**7,585,831**	7,924,565
Port services	**6,678,639**	6,013,885
Education related services	**-**	1,758,743
Project management services	**3,906,332**	3,129,908
Ferry related services	**1,122,200**	1,123,728
Others	**-**	647,392
	464,722,690	442,664,811

ASYAD GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

27 Revenue (continued)

Revenue has been recognised under IFRS 15 and IFRS 16 as follows:

	2023 RO	2022 RO
Revenue from contracts with customers (IFRS 15)	**335,192,587**	378,763,391
Charter hire income (IFRS 16)	**129,530,103**	63,901,420
	464,722,690	442,664,811

Charter hire income relates to income earned from the vessels in the pool. The Group charters out vessels on time charter contracts which are typically made for periods of 1 to 6 years but may have extension options. The lease contracts contain terms and conditions designed to protect the Group's interest in the vessels, to protect its personnel and to ensure compliance with laws and regulations. These terms include specification of maximum limit of use, requirements to follow particular operating practices and requirement to inform the Group of changes in how an asset will be used.

Maturity analysis for lease payments from vessel chargers to be received under operating lease

	2023 RO	2022 RO
1 year	**89,712,846**	61,605,370
2 years	**42,992,803**	44,813,793
3 years	**13,853,850**	20,019,752
4 years	**5,160,925**	17,358,632
5 years	**-**	12,682,807
> 5 years	**-**	3,370,114
	151,720,424	159,850,468

Lease payments from lease of other assets are not considered to be material to the Group, therefore have not been included in the above analysis.

28 Other income

	2023 RO	2023 RO
Gain on sale of vessels	**18,120,653**	-
Recovery of write off receivables	**4,083,340**	-
Reversal of WHT provision	**3,873,899**	-
Building rental	**139,025**	-
Dividends income	**147,570**	-
Subleasing income	**1,627,860**	2,412,634
Gain on sale of scrap	**-**	1,080,043
Income from sewage treatment and others	**1,261,252**	3,139,836
Provision of living facilities to subcontractors	**473,790**	61,229
Bus leasing income	**114,700**	88,660
Others	**587,357**	215,491
	30,429,446	6,997,893

29 Operating costs

	2023 RO	2022 RO
Other shipping cost including fuel	**93,070,552**	105,452,475
Labour cost	**56,208,812**	55,573,496
Charter hire charges	**20,972,213**	22,070,370
Repair and maintenance	**15,307,238**	19,174,614
Materials cost	**24,806,169**	22,233,257
Sub-contractor cost	**6,857,814**	13,374,942
Insurance	**4,089,025**	3,896,810
Royalty charges to TRA	**313,577**	350,505
Provision for obsolete inventory	**70,727**	(501)
Others	**14,877,505**	10,150,328
	236,573,632	252,276,296

30 Administrative expenses

	2023 RO	2022 RO
Staff costs (note 31)	**36,018,643**	35,748,773
Travel related expenses	**930,599**	916,306
Professional fees	**2,106,868**	1,429,220
Directors' sitting fees	**315,188**	172,368
Short-term leases	**243,062**	816,776
Office expenses, IT and maintenance	**3,994,538**	6,715,041
Marketing and communication	**3,426,906**	3,438,974
Others	**6,829,119**	3,264,687
	53,864,923	52,502,145

31 Staff costs

	2023 RO	2022 RO
Salaries and allowances	**30,361,800**	29,271,668
End of service benefits (note 23)	**1,646,511**	1,612,005
Others	**4,010,332**	4,865,100
	36,018,643	35,748,773

32 Finance costs

	2023 RO	2022 RO
Interest on loans and borrowings	**41,032,433**	28,250,404
Interest expense on interest rate swap	**-**	443,949
Finance charges - lease liabilities	**8,981,513**	3,625,804
Amortisation of deferred finance cost	**975,013**	985,264
	50,988,959	33,305,421

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

33 Finance income

	2023	2022
	RO	RO
Bank interest income	**14,168,253**	4,274,560
Interest income on interest rate swap	**4,065,889**	-
Interest earned on subordinated deposits	**10,424**	-
	18,244,566	4,274,560

34 Taxation

	2023	2022
	RO	RO
Income tax expense		
- Current year	**481,181**	570,451
- Prior year	**-**	-
	481,181	570,451
Deferred tax expense		
- Change in recognised deductible temporary difference	**131,331**	148,580
- Prior year	**(2,310,524)**	(1,924,497)
	(1,698,012)	(1,205,466)
Non-current assets		
Deferred tax asset	**6,993,748**	4,683,224

Taxation represents the aggregate of the Omani income tax applicable to Group companies in accordance with Omani fiscal regulations. The tax authorities in the Sultanate of Oman follow the legal entity concept. There is no concept of group taxation in Oman. Accordingly, each legal entity is taxable separately.

The majority of subsidiaries of ASC are not subject to Omani income tax law as they are not incorporated in Oman. The following subsidiaries are subject to various exemptions from the Omani income tax law and have not, therefore, provided for any tax liability.

Company	**Exemption**
NFC	Exempt from tax per Ministerial Decision 278/2010 on revenue arising from its main activity of marine transportation.
SFZ	Exempt from tax for 30 years per Article 3 of Royal Decree 56/2002
ODC	Exempt due to head office being in a free zone
IMCO	Exempt from tax per Royal Decree 55/2003 which relates to companies whose main activity includes training colleges or institutes

In the remaining majority of the subsidiaries no provision for taxation has been made in the current year in view of carried forward tax losses from prior years. Tax losses are available for set off against future profits earned within a period of five years from the respective year in which the loss was incurred.

The Group's subsidiaries registered in the republic of Marshall Islands, are exempt from tax on their income arising from owning, chartering and operating Marshall Islands registered vessels as per Marshall Islands fiscal regulations. However, some of the Group's subsidiaries are subject to tax tonnage on vessel and other than payment of registry fee, the subsidiaries are not bound to pay any further tax.

	2023	2022
	RO	RO
Unused tax credits on which no deferred tax asset has been recognised	**190,774,832**	235,539,351
Potential tax benefit @15%	**28,616,225**	35,330,903

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

34 Taxation (continued)

The reconciliation of tax on the accounting profit to tax charge in the consolidated statement of profit or loss is given below. The applicable rate of tax is 15% (2022 - 15%).

	2023 RO	2022 RO
Profit before tax	**45,161,330**	43,853,599
Tax on accounting profit before tax @ 15% (2022 - 15%)	**6,774,200**	6,578,040
Less: tax effect of:		
Tax disallowances	**(9,990,547)**	(5,086,359)
Tax effect of subsidiaries' results not subject to taxation	**1,518,335**	(2,697,147)
	(1,698,012)	(1,205,466)

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 15%. The deferred tax asset in the statement of financial position and net deferred tax credit in the consolidated statement of comprehensive income are attributable to the following items:

31 December 2023	**At 1 January 2023 RO**	**Charged / (reversed) for the year RO**	**At 31 December 2023 RO**
Tax effect of accelerated depreciation	**110,638**	**60,426**	**171,064**
Provision for investment in an associate	**(116,243)**	**-**	**(116,243)**
Provision for investment in joint ventures	**(391,403)**	**-**	**(391,403)**
Provision for settlement of JV claims	**(116,134)**	**112,506**	**(3,628)**
Other provisions	**(154,127)**	**(285,846)**	**(439,973)**
Loss allowance for financial assets	**(9,230)**	**(6,542)**	**(15,772)**
Carried forward tax losses	**(4,006,725)**	**(2,191,068)**	**(6,197,793)**
Net deferred tax asset	**(4,683,224)**	**(2,310,524)**	**(6,993,748)**

31 December 2022	At 1 January 2022 RO	Charged / (reversed) for the year RO	At 31 December 2022 RO
Tax effect of accelerated depreciation	59,408	51,230	110,638
Provision for investment in an associate	(116,243)	-	(116,243)
Provision for investment in joint ventures	(307,983)	(83,420)	(391,403)
Provision for settlement of JV claims	(93,698)	(22,436)	(116,134)
Other provisions	-	(154,127)	(154,127)
Loss allowance for financial assets	(9,360)	130	(9,230)
Carried forward tax losses	(2,290,851)	(1,715,874)	(4,006,725)
Net deferred tax asset	(2,758,727)	(1,924,497)	(4,683,224)

35 Fair value of assets and liabilities

Fair value versus carrying amounts

The fair values of other financial assets at amortised costs is close to the carrying value because of the short term nature of the financial assets; except for finance lease receivables, which are long term in nature and are exposed to fair valuation risk due to variability in underlying interest rate. The fair value of loans receivable approximates to their carrying value due to no significant difference between the current market interest rates when compared with the interest rates on which the loans were extended.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35 Fair value of assets and liabilities (continued)

(a) Fair value measurements recognised in the statement of financial position

Recurring fair value measurements **At 31 December 2023**	**Fair value** **Level 3** **RO**
Financial assets	
- Financial assets at fair value through other comprehensive income (FVOCI)	**101**
- Derivative financial instruments	**4,485,357**
	4,485,458
Financial liabilities	
- Derivative financial instruments	**17,899**
- Interest bearing loans and borrowings	**775,548,601**
Total financial liabilities	**775,566,500**

35 Fair value of assets and liabilities (continued)

Recurring fair value measurements At 31 December 2022	Fair value Level 3 RO
Financial assets	
- Financial assets at fair value through other comprehensive income (FVOCI)	3,008
- Derivative financial instruments	12,198,865
	12,201,873
Financial liabilities	
- Derivative financial instruments	-
- Interest bearing loans and borrowings	763,733,138
Total financial liabilities	763,733,138

(b) Fair value hierarchy

Type	**Valuation technique**	**Significant unobservable inputs**
Derivative financial instruments (Interest rate swaps)	Market comparison technique: fair value is calculated by the respective financial institutions.	Not applicable
Other financial liabilities	Discounted cash flows	Not applicable

There were no transfers between the levels during the current as well as the previous year.

36 Proposed and paid dividends

The Board of Directors has proposed a cash dividend of RO 0.053 (2022 - Nil) per share totalling to amount of RO 17,802,223 (2022 - Nil) for the year ended 31 December 2023, which is subject to approval by the shareholders at the forthcoming Annual General Meeting.

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